



Education Program







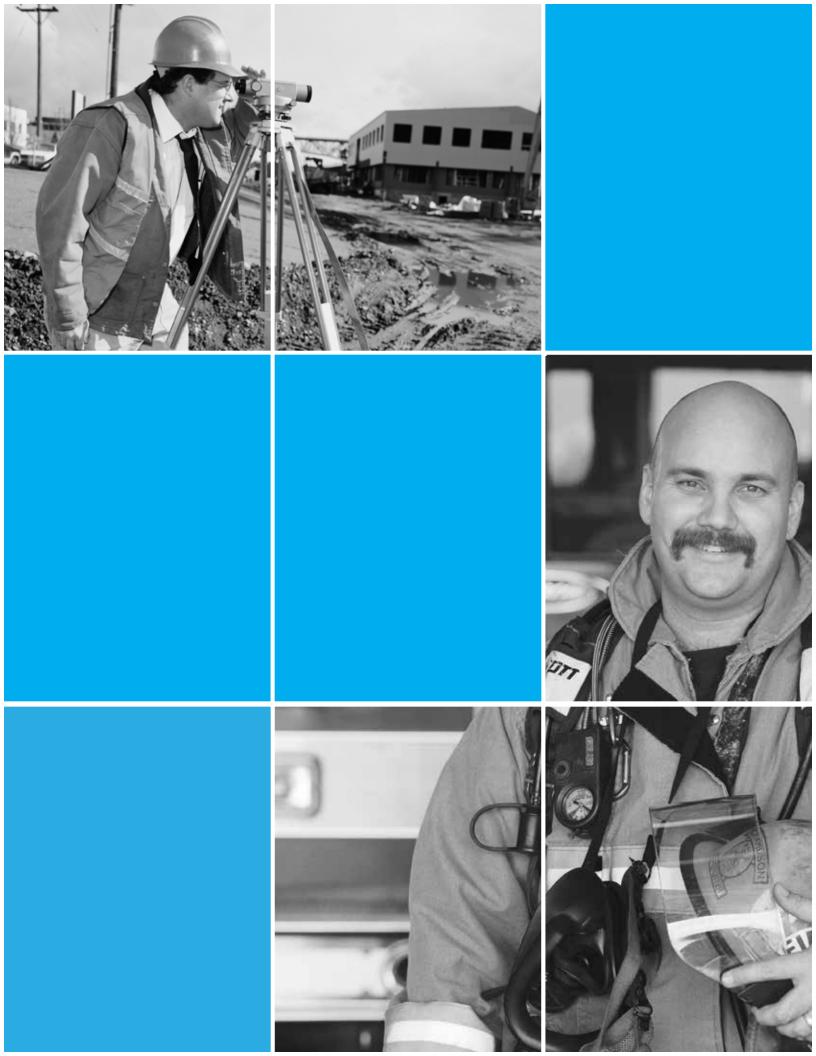
Members participating before September 1, 2008



Members participating on or after September 1, 2008 through December 31, 2013







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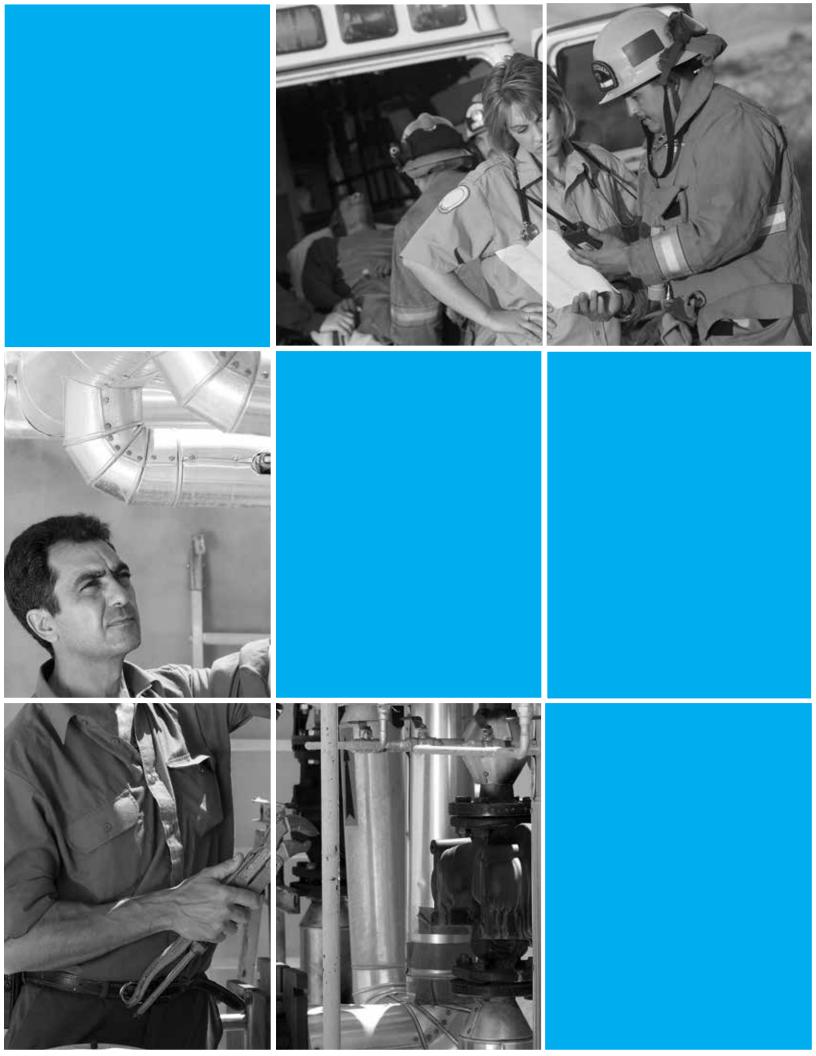
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Education
Program



PLAN ADMINISTRATION



The Commonwealth of Kentucky provides retirement benefits for more than 340,000 state and county employees through the Kentucky Retirement Systems (KRS). KRS is governed by a thirteen-member Board of Trustees and consists of three separate retirement systems:



Kentucky Employees Retirement System (KERS)

Hazardous and Nonhazardous

Established July 1, 1956 for state employees. Governed by Kentucky Revised Statutes 61.510 through 61.705



County Employees Retirement System (CERS)

Hazardous and Nonhazardous

Established July 1, 1958 for local government and classified school board employees. Governed by Kentucky Revised Statutes 78.510 through 78.852



State Police Retirement System (SPRS)

Established July 1, 1958 for uniformed Kentucky State Police officers. Governed by Kentucky Revised Statutes 16.505 through 16.652

PLAN FUNDING

Benefits are funded through three sources:



- •Employee contributions deducted from an employee's creditable compensation.
- •Employer contributions paid by each state and county agency participating in the KRS.
- Return on investments.

The employee contribution rate is set by state statute. Tier 1 members contribute 5% of their creditable compensation if Nonhazardous and 8% if Hazardous. Tier 2 Nonhazardous employees contribute a total of 6% of all their creditable compensation to KRS. Five percent (5%) of this contribution will be deposited to the individual employee's account; the other 1% will be deposited to the KRS Insurance Fund. Tier 2 Hazardous employees contribute a total of 9% of all their creditable compensation to KRS. Eight percent (8%) of this contribution will be deposited to the individual employee's account; the other 1% will be deposited to the KRS Insurance Fund. Employee contributions paid to KRS are deposited to individual member accounts. When an employee retires, his or her account balance is transferred to the Retirement Allowance Account.

Employee contributions since August 1, 1982, are made on a pre-tax basis and are automatically deducted. This means contributions are withheld from employees' gross pay before state and federal taxes or FICA are withheld.

Employer Rates Online

Employer contribution rates are published on the KRS website at https://kyret.ky.gov.

NOTE: House Bill 1, enacted by the 2008 Special Session of the General Assembly, amended the contribution rates for members with a participation date on or after September 1, 2008.

Employee Contribution Rates KERS Non Haz S% 5%+1% Insurance KERS Haz 8% 8%+1% Insurance CERS Non Haz S% 5%+1% Insurance CERS Haz 8% 8%+1% Insurance SPRS 8% 8%+1% Insurance		(CT)	(F)	
KERS Non Haz 5% 5%+1% Insurance KERS Haz 8% 8%+1% Insurance CERS Non Haz 5% 5%+1% Insurance CERS Haz 8% 8%+1% Insurance SPRS 8% 8%+1%	Employee Contribution	E1		
Insurance	Rates			
Insurance	KERS Non Haz	5%		
Insurance CERS Haz 8% 8%+1% Insurance SPRS 8% 8%+1%	KERS Haz	8%		
Insurance SPRS 8% 8%+1%	CERS Non Haz	5%		
	CERS Haz	8%		
	SPRS	8%		

The base amount of this contribution will be deposited to the individual employee's account; the other one percent (1%) will be deposited to the KRS Insurance Fund.

CREDITABLE COMPENSATION

Creditable compensation is used to calculate retirement benefits and includes all salary, wages, tips and fees, plus payments for compensatory time paid to you as a result of services performed for the employer, including time when you are on paid leave.

Creditable compensation is compensation that must be reported to KRS . Tier 1 includes payments for compensatory time paid to you as a result of services performed for the employer. For Tier 2 employees, creditable compensation will not include any payments for compensatory time.

Lump sum bonuses, severance pay or employer-provided payments for purchase of service credit are also included in creditable compensation; however, if these types of payments exceed \$1,000 for the fiscal year, the combined payments will be averaged over your total service in the system in which the bonus was paid. Lump sum payments for sick leave when an employee terminates may be included in creditable compensation if the agency participates in the Alternate Sick Leave Program. Lump sum payments for sick leave at any time other than termination are not reportable.

The following are not included in creditable compensation:

- · Living allowances,
- · Expense Reimbursements,
- Lump-sum payments for unused vacation time, and
- Lump-sum payments for unused sick leave (unless the agency participates in the Alternate Sick Leave Program).

Prior to retirement, an account is maintained for individual employee contributions. The balance in the account cannot be garnished or used for collateral on a loan. Members actively contributing to one of the Systems cannot withdraw funds except upon termination of employment.

NOTE: If you are paying into a pre-tax compensation plan, such as a 401(k) or 457 plan, the amount contributed does not reduce your creditable compensation for retirement purposes. Your compensation is determined prior to any deductions to pre-tax compensation plans.



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MEMBER ACCOUNTS

Member ID Your Member ID is your KRS account number. We use your Member ID to maintain your account and file information you submit to our office. Your Member ID is the identifying number on KRS forms and letters you receive from our office. When calling to discuss your account, you will need to provide your Member ID and Personal Identification Number (PIN).

Personal Identification Number (PIN) Your four-digit PIN provides an added layer of security when you interact with KRS, whether online or over the phone. We will ask for your PIN before discussing account information with you over the phone. Our call center counselors can help you obtain a new PIN, which will be mailed to the address you have on file at KRS.

How KRS Protects Your Information KRS is committed to protecting the confidentiality and security of your member data. Some of KRS' efforts to safeguard your information include:

- Developing policies and processes that protect employees, facilities, networks and the technology infrastructure.
- Restricting the use of Social Security numbers in internal forms and other documentation. We only use the last four digits of your SSN in most cases.
- Investing in mainstream, highly regarded technology solutions that better protect all aspects of your member information.
- Implementing secure solutions when transmitting data anywhere, such as encrypted email and secure file transfer.
- Securely disposing of information, whether in paper or electronic form, so that your information is protected throughout its useful lifecycle.

KRS has taken a very proactive stand on data disclosures by adopting a specific policy to address such issues. Our disclosure policy guides us in protecting your information and revealing potential exposures. Our policy dictates that we notify members in a timely manner if your information may have been exposed. This includes making sure our business partners and vendors adhere to the same, strong policies for disclosing potential exposures of your information.

Annual Statement of Account Prior to retirement, an Annual Statement of your account is made available to you online. The purpose of the Annual Statement is to provide a snapshot of the retirement benefits, contributions, interest, and service you have accrued through the end of the fiscal year (June 30). You should always review your Annual Statement carefully to ensure your information is correct.

You may access our self-service website to view your Annual Statement. Inquiries concerning your Annual Statement should be made in writing. To request a printed copy of your annual statement, complete Form 2416, Request for Duplicate Annual Statement, and return to our office.



Access your account online

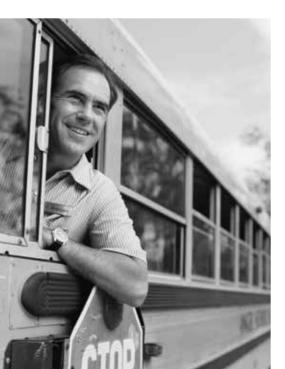
Login to self-service at https://myretirement. ky.gov. You will need your PIN to fully utilize our self service website and authorize changes to your account online.



NOTE: The purpose in crediting interest is to provide a modest return to those members who are not eligible for a retirement benefit and choose to take a refund after termination of employment.



Find forms online at https://kyret.ky.gov.



Interest on Accounts The interest credited to your account and reported on your Annual Statement is calculated based upon your account balance as of June 30 (the previous fiscal year). For Tier 1 employees, interest paid is set by the Board of Trustees and will not be less than 2.0%. For Tier 2 employees, interest will be credited at a rate of 2.5%.

Interest credited to your account is typically not related to the amount of benefits you will receive when you retire. Benefits for most retiring members are based on a formula using the member's service and salary.

Refund of Account Balance Upon termination of employment, you have three options in regard to your retirement account: (1) retire if eligible, (2) leave the contributions in KRS until you reach retirement eligibility, or (3) take a refund of your account balance. If you choose to take a refund of your account balance, you will receive your individual retirement contributions plus any accumulated interest. You will not receive a refund of any employer contributions or any employee contribution made to the KRS Insurance Fund.

Your refund can be paid directly to you or the funds can be rolled into another qualified retirement plan or individual IRA. If you elect to receive a direct payment, KRS is required to withhold 20% for federal income taxes. The amount withheld is not a penalty tax and will apply towards your federal tax liability for the year in which the refund was issued. Additional taxes due to age or other factors may also apply if you choose to receive a direct payment.

In order to process a refund of contributions, you must complete a Form 4525, Request for Refund of Contributions. In addition, a valid Form 2001, Membership Information, must be on file with KRS. The agency reporting official is also required to report your termination date on the monthly report to KRS. A refund cannot be issued until all information is received.

A refund will not be processed until at least 45 days following the termination date provided all required information has been submitted by you and by your employer. If you are interested in taking a refund of your account balance, you may obtain Forms 4525 and 2001 from our website or call our office to request copies.

Change of Address It is important to keep your address current with KRS. Doing so will ensure retirement checks and other materials are delivered to you on time. If your address changes, let your employer know as soon as possible. Your employer will notify KRS as part of their monthly reporting. You may also change your address online (see following section) or by completing Form 2040, however; the change must also be made with your employer.



Member Self Service

User	ID
Pass	word
Log	in to register?
Note	ot User ID or Password? The information contained in this site ble via a secure connection.

Use Member Services to:

View your payment details
Change your direct deposit information
Request an income verification letter
Check the status of correspondence

Looking for other START accounts?
To log in to other START accounts, click a link at the bottom of Login.

Online Calculators

Public Benefit Estimator

IPS Estimator

Service Purchase Estimator

On the Internet Most educational materials and forms are available online. Visit the Current Employees section of our website to learn more about your benefits. You may also use our self service site to access your retirement account online. Register in three simple steps:

Go to MyRetirement.ky.gov This is the direct link to your online account. You can also visit the KRS home page at https://kyret.ky.gov to access the login page. Look for the Login now link in the Current Employees section of our website.

2 Connect to your account To register, you will enter your Social Security number, date of birth and PIN so we can identify your account. You will only be asked for your Social Security number during this initial registration process.

3 Create login information We will ask you to create a User ID and Password, which you will use each time you login to your account. For additional security, you will answer a secret question. This answer will be required when you need to reset your User ID or Password.



We encourage our members to utilize the information and services available on our web site, https://kyret.ky.gov

NOTE: Use Form 2040 (Change of Address Notification) if you are inactive or retired.

PIN

Personal Identification Number

NOTE: If you have lost your PIN, call our office at 1-800-928-4646.





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When the setup steps are complete, you are ready to manage your retirement account online. *The features of self service include*:

- Benefit Estimates Use current information to calculate a retirement estimate.
- **Service Purchase Estimate** Estimate the cost to purchase eligible service using current data and see an estimate of monthly payments under an installment plan.
- Contact Information Change contact information such as your mailing address, phone numbers and email address.
- Account Balance Letter Request an account balance letter showing your total service, contributions, and interest.
- Account Summary View service credit, contributions, and beneficiary information.
- **Account History** See an overview of contributions and salary through the end of the previous fiscal year.
- **Member Correspondence** Check on the status of a request or see if a document has been filed to your account.
- Annual Statements View your Annual Statements online at Self Service website at https://myretirement.ky.gov





NOTE: Use the telephone or make written requests for specific information about account information or benefits.





Telephone Telephone inquiries are handled by the KRS call center. The call center is staffed with customer service representatives and retirement counselors who are there to help you obtain services and to answer your questions. Counselors may provide specific information about your account over the phone if you provide your PIN and Member ID.

Phone Numbers (502) 696-8800 or (800) 928-4646



Electronic Mail (e-mail) You may e-mail KRS at krs.mail@ kyret.ky.gov. Incoming e-mail is not secure. Therefore, it is recommended that e-mail be used for general inquiries only and that the sender not include information of a confidential or personal nature.



By Mail All written inquiries should include the member's name, Member ID, home mailing address, and signature. If you are requesting an estimate of retirement benefits, please include the retirement dates you are considering. If you are requesting a service purchase calculation, please include the type of purchase and the necessary verification. All written inquiries should be sent to the following address:

Kentucky Retirement Systems

Perimeter Park West 1260 Louisville Road Frankfort, KY 40601



In KRS' defined benefit plan, a member's service credit is used in part to determine eligibility for retirement and for determining the amount of benefit received upon retirement.

SERVICE CREDIT

The amount of service credit used to determine retirement eligibility and benefits may include current service, prior service, purchased service, and sick leave service (if the agency participates in a KRS approved sick leave program). The more service credit you have, the higher your retirement benefit. Below is a listing of the types of service credit and the effects each type has on retirement eligibility and benefit calculation.

Current Service Current service is earned as a contributing member. For each month in which wages and contributions are reported for regular full-time employment, a member earns one month of service credit.

Board of Education Non-certified school board employees who work a minimum of 180 days will receive 12 months of service credit for the school year, unless they are not hired until August (or later) or are retiring June 1st (or earlier). Service credit is based on the actual days worked and will be prorated if the days worked in the school year are less than 180.

Sick Leave Service Most Tier 1 members of KERS and SPRS receive service credit for all unused accumulated sick leave at the time of retirement. Tier 2 members may receive a maximum of 12 months of service credit for unused sick time. Members of CERS may receive service credit for their sick leave at the time of retirement if their employer has adopted a sick leave program with KRS.

(See Sick Leave section on the next page for more information).

Purchased Service There are more than 30 types of service a participating member may purchase in order to increase service credit. The requirements for each purchase type are regulated by state statute. Please note that the appropriate verification must be filed with the KRS before the purchase cost can be calculated. Please include the necessary verification and write your Member ID on any documentation you submit to our office.

NOTE: A regular full-time position averages 100 or more hours per month over a calendar or fiscal year. For local school boards, a regular full-time position is a permanent full-time, permanent part-time or substitute non-certified position where the job duties require the employee to average 80 or more hours of work per month over actual days worked.

Members who began participating in KRS on or after August 1, 2004 cannot use most service purchase types for determining eligibility for early retirement, normal retirement, disability retirement and death benefits. This applies to all service purchases made by the member or employer with the exception of omitted service and recontribution of service refunds.



Use our self-service website at https:// myretirement.ky.gov to generate a cost calculation or a benefit estimate.

SICK LEAVE SERVICE



The sick leave service credit for Tier 1 members counts toward retirement eligibility and health insurance benefits. Tier 2 members may receive a maximum of 12 months of service credit for unused sick time. The sick leave service credit for these members does not count toward retirement eligibility or health insurance benefits.

KERS and SPRS members Most Tier 1 members of KERS and all SPRS members will receive service credit for all unused accumulated sick leave at the time of retirement.

CERS Members Members of CERS may receive service credit for sick leave at the time of retirement if their employer has adopted a sick leave program with KRS. There are two (2) types of sick leave that the employer may adopt — Standard or Alternate.

Standard Sick Leave Service Under the Standard program in CERS the member receives service credit for up to six (6) months of unused sick leave. A CERS agency may also elect to split the cost of sick leave in excess of six (6) months with the member or pay the entire cost in excess of six (6) months. Under the Standard program, any sick leave for which the employee is paid upon termination is not reported to CERS and is not eligible to be used as service credit.

Alternate Sick Leave Service Under the Alternate sick leave program in CERS, members are paid for unused sick leave and receive sick leave service credit at the time of termination or retirement. The money paid to the member for their unused sick leave is used in determining the member's Final Compensation and the service is also used to increase the member's service credit.



NOTE: The computation of alternate sick leave is complex. If your agency participates in this plan, it is advisable that you consult with a counselor to determine the effect of alternate sick leave credit on your specific benefits.



NOTE: The sick leave chart is provided to help you determine the number of months of service you may be credited upon retirement if applicable.



TIER 1 participation
with a State
administered
retirement
system
PRIOR
TO 9/1/2008



TIER 2 participation
with a State
administered
retirement
system
ON OR AFTER
9/1/2008
to 12/31/2013

STANDARD SICK LEAVE CHART					
Hours per work day	4 HRS	6 HRS	7.5 HRS	8 HRS	Months of Service Credit
	44	66	82.5	88	1
	128	192	240	256	2
	212	318	397.5	424	3
	296	444	555	592	4
	380	570	712.5	760	5
	464	696	870	928	6
			1,027.5	1,096	7
			1185	1,264	8
			1,342.5	1,432	9
			1,500	1,600	10
			1,657.5	1,768	11
			1,815	1,936	12
			1,972.5	2,104	13
			2,130	2,272	14
			2,287.5	2,440	15
			2,445	2,608	16
			2,602.5	2,776	17
			2,760	2,944	18
			2,917.5	3,112	19

For more hours, please contact a KRS counselor. You only need the minimum hours of sick leave for each range to obtain the indicated months of service.

Months are not divided into partial credit.

NOTE: There are two (2) types of sick leave programs that the CERS employer may adopt: Standard or Alternate.









Members who began participating in KRS on or after August 1, 2004 cannot use most service purchase types for determining eligibility for early retirement, normal retirement, disability retirement and death benefits. This applies to all service purchases made by the member or employer with the exception of omitted service and recontribution of service refunds.

PURCHASING SERVICE CREDIT

Basic Requirements Most types of service must meet the following minimum requirements in order to be purchased:

- The service must be in a full-time position in accordance with Kentucky Revised Statutes 61.510 and 78.510.
- The service cannot be credited to another defined benefit retirement plan.
- The member or the employer must provide verification of employment as required by KRS.

Most purchase types require the member to be participating and vested in KERS, CERS, or SPRS at the time the purchase is made. In order to be vested, a member under the age of 65 must have at least 60 months of service credit while a member over the age of 65 must have at least 48 months of service.

Retirees or members who are not contributing to one of the state administered retirement systems cannot purchase service credit unless the type is omitted. Retirees who have returned to work since August 1, 1998 and are contributing to a new retirement account cannot purchase service they were eligible to purchase prior to their initial retirement.

Calculating service purchases For almost all purchase types, the cost is determined by multiplying the higher of the member's current rate of pay, final rate of pay, or Final Compensation by the actuarial factor by the number of years of service being purchased.

The actuarial factor used to calculate the cost varies based upon your age, years of accrued service credit, applicable benefit factor, and eligibility for Final Compensation. The factor assumes the earliest retirement date the member may retire with no reduction in benefits.

Purchases not calculated under this method include Recontribution of Refunded Service, Hazardous Conversions, and Omitted Service.

Most service purchases made on or after August 1, 2004 will not be used to determine insurance benefits at retirement. This provision applies to all service purchases made by the member or employer with the exception of omitted service, recontribution of refunded service, hazardous conversion and sick leave credit.



Use our self-service website at *https://myretirement.ky.gov* to view a cost calculation online.



Note: Refer to the list of required verification on pages 15-17

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PURCHASE TYPES

The following is a listing of most service purchase types and the information required to verify the period of service.

Purchase Types without Service Requirements

Verification Required

Recontribution of Refunded Service

A member currently participating in one of the state administered retirement systems who has taken a refund of retirement contributions for previous employment may regain the service lost by paying the amount of contributions withdrawn plus interest calculated from the time of withdrawal. The purchase does not reinstate the original participation date from that service. Note: The member must work for at least six months to validate the purchase.

Information should be on file at KRS.

Summer Months

A member currently participating in one of the state administered retirement systems who was contracted by a local school board, university, community action agency, or school for the deaf or blind to work 9, 10, or 11 months may purchase up to three (3) additional months to complete a full year.

Information should be on file at KRS.

Omitted Service

If a member was entitled to service credit but was not reported to KRS, the member may obtain service by paying the employee contributions on the period of omitted service. If employee contributions are not received within six (6) months of notification by KRS, a participating employee may obtain the service by paying the employee contributions plus any accumulated interest. Service credit will not be awarded to the member's account until KRS has also received the employer contributions

Form 4225 — or — Personnel Forms

Hazardous Conversion

Members participating in hazardous positions may pay the cost to convert eligible non-hazardous service to hazardous service. The service credit must be in a position that was reported to KRS under non-hazardous coverage, but has since been approved for hazardous duty coverage by the Board of Trustees. The agency where the non-hazardous service was earned must complete a Form 4150, Certification of Employment in a Hazardous Position, in order for the member to convert the service.

Form 4150

Vested Purchase Types

Verification Required

In order to be vested, a member under the age of 65 must have at least 60 months of service credit while a member over the age of 65 must have at least 48 months of service

Delayed Service

A member may purchase service with an agency that did not participate in KRS but has since joined. Delayed Service (also referred to as past service) is service worked prior to the date the agency began participating or in the case of a member who initially rejected membership, service worked from the member's hire date through his or her election to participate in KRS.

Form 4225 — or — Personnel Forms or a letter from the agency verifying the period of leave

Active Duty Military

A member may purchase all periods of active duty service with a branch of the Armed Forces. This purchase may require an honorable or general discharge from service.

A copy of your DD-Form 214 for each period of active duty.

Historical note: Prior to August 1, 2000, a member could purchase up to 4 years of active duty military service. Effective August 1, 2000, the statute provided that all periods of active duty service may be purchased.

National Guard/Reserves

A member may purchase one (1) month of credit for every six (6) months served.

Most recent Annual Statement of Points.

Maternity/Authorized Sick Leave Without Pay/FMLA leave

A member may purchase service credit for official maternity leave without pay, approved sick leave without pay, or approved leave without pay under the Family Medical Leave Act (FMLA) that occurred while working for a participating agency.

Form 4225 — or — Personnel Forms or a letter from the agency verifying the period of leave

Vested Purchase Types Continued	Verification Required
Seasonal, Temporary, Emergency, Interim or Part-time	
A member may purchase service for time served in a seasonal, temporary, interim, emergency, or part-time position (more than 100 hours per month) that occurred with a participating agency.	Form 4225 — or — Personnel Forms
State University Service	
A member may purchase service for certain types of employment with Kentucky's state sponsored universities provided they did not participate in a defined benefit plan or defined contribution plan during employment and the position held would have qualified as a regular full-time position had the university been participating. This purchase is limited to the University of Kentucky and the University of Louisville since other state-sponsored universities participate in KERS.	Form 4120
Approved Educational Leave	
A member may purchase service credit for approved educational leave.	Personnel Forms — or — Letter from agency verifying
Federal Service	the period of leave.
A member may purchase service worked as a full time federal employee provided the member withdrew all funds or did not participate in the Federal Retirement System.	Form 4115
Out of State Service (Non-Hazardous)	
A member may purchase up to 10 years of service credit for full-time out-of-state public service. To qualify, the out-of-state service must have been credited in a state or locally administered defined benefit retirement plan, other than one for teachers. The member must provide verification that he or she has received a refund or is not eligible for a retirement benefit from the period of out-of-state service.	Form 4140
Out of State Service (Hazardous)	
A member may purchase up to 10 years of service credit for full-time out-of-state public service if the position would be determined as hazardous duty. To qualify, the out-of-state service must have been credited in a state or locally administered defined benefit retirement plan, other than one for teachers. The member must show that he or she has received a refund or is not eligible for a retirement benefit from the period of out of state service. The member must also submit a copy of the job description for his or her out of state public service.	Form 4140 and a copy of the former job description.
Vocational/Technical School Service	
A member may purchase service worked in a non-teaching position with a Vocational/Technical School in the state of Kentucky that averages at least 80 hours per month on a calendar or fiscal year basis.	Form 4225 — or — Personnel Forms
Community Action Agency	
A member may purchase service for regular full-time employment with a Community Action Agency created under Kentucky Revised Statute 273.405 to 273.453 if that service was not covered by a state-administered retirement system.	Form 4225 — or — Letter from agency verifying period of service.
Mental Health Mental Retardation Service	
A member may purchase service for employment in a regional community mental health and mental retardation services program, organized and operated under the provisions of Kentucky Revised Statute 210.370 and 210.480, which does not participate in a state-administered retirement system.	Form 4225 — or — Letter from agency verifyir period of servic
Approved Leave to Work for Work-Related Labor Organization	
A member may purchase service credit for periods of approved leave to work for a work-related labor organization provided that the agency approving the leave subsequently participated in CERS.	Letter from the IRS or U.S. Department of Labor stating that the purchase is allowable under federal restrictions.

Area Development District/Business Development Corporation

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A member may purchase service for employment with an Area Development District (ADD) created pursuant to Kentucky Revised Statute 147A.050 or a business development corporation created pursuant to Kentucky Revised Statute 155.001 to 155.230 which does not participate in KRS.

Letter from the IRS or U.S. Department of Labor stating that the purchase is allowable under federal restrictions.

Urban-County Government Service

A hazardous member may purchase service credit with an urban-county government. To qualify, the employment must have been considered regular full-time and qualify for hazardous duty coverage under Kentucky Revised Statute 61.592. The member must show that he or she has received a refund or is not eligible for a retirement benefit for the period of urban-county government service.

Form 4131

Non-Qualified Service

Members currently participating and who participated prior to August 1, 2002, may purchase up to five (5) years of service once they have 15 years of total service in a state administered retirement system. At least five (5) of the 15 years required for this purchase type must be in KERS, CERS, or SPRS. The Non-Qualified Service may not be used for benefit purposes until the member has accrued 20 years of service, excluding the Non-Qualified Service.

Information should be on file at KRS

NOTE: IRC 415(c) provisions require that payment for non-qualified service MUST BE WITH PRE-TAX MONIES. See the following page for more information on paying for a service purchase.





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PAYING FOR A SERVICE PURCHASE

Eligible service credit may be purchased by the following payment methods provided it falls within the limitations set forth in Section 415 of the Internal Revenue Code.

Lump Sum Payment: Service may be purchased by making a lump sum payment to KRS. Federal law limits the use of post-tax money to purchase service with a lump-sum payment (see following section on provisions affecting service purchases).

Installment Purchase of Service Agreement (IPS): Members participating in KERS, CERS, or SPRS may elect to have the cost of service deducted from their paycheck on a pre-tax or post-tax basis provided the employer has arranged to make installment deductions with KRS. To be eligible for payroll deduction, the cost must be at least \$1,000. One year of installment payments is allowed for each \$1,000 in cost with a maximum of five (5) years to pay off the cost. An interest charge compounded annually is applied to the cost with this payment method. The interest charge is equal to the actuarial rate in effect at time of purchase. More information on the pre-tax Installment Purchase of Service Agreement (IPS) and provisions affecting service purchases is covered below.

Rollover or Transfer From a Qualified Plan: The Internal Revenue Code allows KERS, CERS, and SPRS, which are qualified plans under Section 401(a), to accept rollovers or, in some cases, trustee-to-trustee transfers from other qualified plans like: Section 401(a), Section 401(k), Section 403(b), Section 457, "Rollover" IRA, Traditional IRA.

In order to complete a direct rollover or transfer of funds from another qualified plan to purchase service with KRS, the member and the financial institution making the direct rollover or transfer of funds must complete a Form 4170, Direct Transfer/Rollover Acknowledgement Form. A copy of this form can be requested from KRS or can be downloaded from https://kyret.ky.gov.

A combination of these methods may be used to pay for some service purchases. Members who wish to combine two or more payment methods, or transfer/rollover funds from more than one plan, are advised to contact KRS in advance.

More about the pre-tax IPS This payment option allows members to purchase service credit with pre-tax contributions, which reduces their taxable income in the year the contributions are made. This option does not eliminate taxes but rather defers tax liability until retirement. Often at retirement, a person will be in a lower tax bracket, which can reduce the amount of taxes paid.

The pre-tax IPS agreement resembles the post-tax IPS agreement with one major exception. All payroll deductions under the pre-tax IPS program shall be irrevocable once a member has completed the necessary forms. This means a member cannot stop payment on the contract or pay off the remaining balance except upon death or termination of employment.

NOTE: You cannot stop payment or pay off a **pre-tax** IPS agreement while you are actively employed with a participating agency.



NOTE: To be eligible for payroll deduction, the purchase cost must be at least \$1,000.00.

NOTE: Members should check with the administrator of their qualified plans to determine the eligibility of funds for rollover or transfer. Certain funds may not be able to be used for certain purchases.



Download Form 4170 at https://kyret.ky.gov.



Stop payment/pay off an IPS contract While working, members who are purchasing service credit through an post-tax IPS agreement can stop payment or pay off the remaining balance or a portion of the remaining principal of the contract at any time by notifying KRS and may request a recalculation if payment is stopped. If the member stops payment and does not pay off the IPS contract, the account will only be credited with the service purchased through the last installment payment.

Upon termination of employment or death, a member or beneficiary will be given 60 days from termination or death to pay off the remaining balance of a pre-tax or post-tax IPS agreement. If the member or beneficiary chooses not to pay off the remaining balance, the account will only be credited with the amount of service purchased through the last installment payment.

Members planning to retire will also be given 60 days from termination of employment to pay off a pre-tax or post-tax installment purchase agreement; however, payments for the remaining balance of the contract must be received prior to the member's effective retirement date.

For example: John Doe has an installment purchase agreement and is planning to terminate employment on January 31st. He chooses to pay off the remaining balance on February 10th. Therefore, his effective retirement date will be March 1st.

NOTE: In the example above, John's health insurance coverage with KRS cannot begin until John's effective date of retirement.





DEFINITIONS

KAR

Kentucky Administrative Regulation

IPS

Installment Purchase of Service Agreement

IRC

Internal Revenue Code

IRS

Internal Revenue Service

QDRO

Qualified Domestic Relations Order

Provisions affecting service purchases KRS only accepts after tax monies for: repayment of refunds, omitted service and grandfathered service purchases. *In order to be considered a grandfathered service purchase*:

- The member must have participated prior to July 1, 1999,
- The purchase type must have been available for purchase on August 5, 1997, and
- The member must participate in the system in which the purchase is being made.
- This approach assures compliance with IRC 415(c) limits and avoids any impact on other retirement funds held by the member.

KRS members are encouraged to use pre-tax service purchase installment payments, rollovers, transfers from other plans, and transfers from 401(k) or 457(b) plans (for example, Kentucky Deferred Compensation) and from 403(b) plans (for example, a tax sheltered annuity at a school district) to fund service purchases.

Under this approach, members are using pre-tax contributions to buy service, just as pre-tax payroll contributions are used for the Kentucky Retirements Systems retirement benefits. The 415(c) limits do not apply to in-service transfers from 401(k), 457(b), or 403 (b) plans for service purchases. KRS has obtained IRS approval for this program.

KRS provides information on the use of pre-tax or post-tax monies for a purchase when a cost calculation is sent to the member for a service purchase.

ACTIVE MILITARY SERVICE

A member may be entitled to receive free military service if the member was on leave of absence from employment with a participating employer, and within three (3) months of the last day of paid employment entered the Armed Forces of the United States, and subsequently returned to employment with a participating employer within two years of receiving an honorable discharge.

SERVICE WITH OTHER PLANS

Members with more than one retirement plan administered by the Commonwealth of Kentucky may be allowed to combine service to determine eligibility for benefits, total service credit and final compensation. Each system will pay a benefit based on the amount of service in that system.

The six (6) state-administered retirement systems are:

- Kentucky Employees Retirement System (KERS)
- County Employees Retirement System (CERS)
- State Police Retirement System (SPRS)
- Kentucky Teachers' Retirement System (KTRS)
- Judicial Retirement Plan (JRP)
- Legislators' Retirement Plan (LRP)

For example, John was employed with a local board of education in a classified position and accumulated 10 years of service in CERS. He is now employed with the same board of education as a teacher and has accumulated 17 years of service in KTRS. John would be eligible to retire at any age with no reductions in his retirement benefits because he has accumulated a combined total of 27 years of service. John would receive a retirement check from CERS based upon his 10 years of service and a separate retirement check from KTRS based on his 17 years of service.

NOTE: In the example above, John would need to apply to each retirement system separately for retirement benefits.

If you have an account in more than one of these retirement systems, you should contact KRS to determine the benefits you may be entitled to receive upon retirement. In order to receive benefits from all the systems, you must submit the required retirement forms to each system at the time of retirement.

Also, vested service in a retirement system other than the Kentucky Teachers' Retirement System sponsored by the Kentucky Higher Education Assistance Authority, Council on Postsecondary Education, or a statesponsored university in Kentucky, may apply toward attaining 25 years of service credit for reduced retirement benefits or 27 years service credit for unreduced retirement benefits. You must have 15 years current service in KRS. This service is not used in determining the monthly benefit you will receive at retirement. In addition, the service does not apply toward vesting for medical insurance benefits except for employees of the Council on Postsecondary Education who meet certain criteria specified by statute.













RETIREMENT ELIGIBILITY

Retirement eligibility is dependent upon the member's age, service credit, participation date and type of service (nonhazardous or hazardous).

For members participating prior to August 1, 2004, the amount of service credit used to determine retirement eligibility includes current service, prior service, purchased service, and sick leave service. For members participating on or after August 1, 2004, the amount of service credit used to determine retirement eligibility includes current service and sick leave service but does not include purchased service, with the exception of Recontribution of Refunded Service and Omitted Service. This means you must meet retirement eligibility without the purchased service. The purchased service is used to calculate your benefit amount.







TIER 1 -

PARTICIPATION WITH KRS PRIOR TO 9/1/2008

Nonhazardous members

The requirements for an Unreduced Benefit are:

- A non-hazardous member, age 65 or older, with at least 1 month of service credit may elect to receive a benefit for life that is an actuarial equivalent to twice the member's contributions and interest.
- A non-hazardous member, age 65 or older, with at least 48 months of service credit is eligible to receive an unreduced monthly benefit for life based on the member's salary and service credit.
- A non-hazardous member with 27 or more years of service credit can retire at any time with no reduction in benefits. (regardless of age)

The requirements for a Reduced Benefit are:

- A non-hazardous member with at least 25, but less than 27 years of service credit, may retire at any time, regardless of age, with a reduction in benefits.
- A non-hazardous member, age 55, with at least five (5) years of service credit may retire with a reduction in benefits.

If a member is eligible for a reduced benefit, the amount of reduction will depend upon the member's age or years of service at retirement. The chart on page 25 shows the reduction for age or service.

Hazardous members

The requirements for an Unreduced Benefit are:

- A hazardous member with 20 or more years of service credit may retire with no reduction in benefits. (regardless of age)
- A hazardous member, age 55 or older, with at least 1 month of hazardous duty service credit may elect to receive a benefit for life that is an actuarial equivalent to twice the member's contributions and interest.
- A hazardous member, age 55 or older, with at least 60 months hazardous duty service credit is eligible to receive an unreduced benefit based on the member's salary and service.

The requirements for a Reduced Benefit are:

• A hazardous member, age 50 with at least 15 years of service credit may retire with a reduction in benefits.

If a hazardous duty member is eligible for a reduced benefit, the amount of reduction will depend upon the member's age or years of service at retirement. The chart on page 25 shows reductions for age or service.



NOTE: The following pages apply to Tier 1 members. If you are Tier 2 turn to page 27 to learn more about your retirement benefits.

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You can use a benefit estimate calculator at our self service website at https://myretirement.ky.gov.





TIER 2 -

PARTICIPATION WITH KRS ON OR AFTER 9/1/2008 to 12/31/2013

Retirement Eligibility

Nonhazardous members

The requirements for an Unreduced Benefit are:

- A non-hazardous member, age 57 or older, may retire with no reduction in benefits if the members age and years of service equal 87.
- A non-hazardous member, age 65, with at least 60 months of service credit may retire at any time with no reduction in benefits.

The requirements for a Reduced Benefit are:

 A non-hazardous member, age 60 or older, with at least 10 years (120 months) of service credit may retire with a reduction in benefits.

If a member is eligible for a reduced benefit, the amount of reduction will depend upon the member's age or years of service at retirement. The reduction amount is the same for all members, regardless of participation date.

The chart on page 25 shows reductions for age or service.

Hazardous members

The requirements for an Unreduced Benefit are:

- A hazardous member with 25 or more years of service may retire at any time with no reduction in benefits.
- A hazardous member, age 60 or older, with at least 60 months of service credit may retire at any time with no reduction in benefits.

The requirements for a Reduced Benefit are:

 A hazardous member, age 50 or older, with at least 15 years (180 months) of service credit may retire with a reduction in benefits.

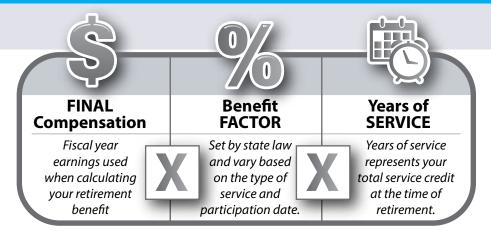
If a member is eligible for a reduced benefit, the amount of reduction will depend upon the member's age or years of service at retirement. The reduction amount is the same for all members, regardless of participation date.

The chart on page 25 shows reductions for age or service.





CALCULATING YOUR BENEFIT FOR TIERS 1 & 2



When a member is eligible to retire, the benefit is calculated based on a formula:

Final Compensation X Benefit Factor X Years of Service = Yearly Benefit.

If you are figuring a Reduced Benefit, multiply Yearly Benefit X percentage from the chart below.

Final Compensation X Benefit Factor X Years of Service = Yearly Benefit X Reduced Benefit %

Retirement examples showing how to calculate your benefit are on pages 28-31.

REDUCED BENEFIT CHART Years from an unreduced retirement

Year	% of Benefit	Year	% of Benefit
1	93.5%	6	63%
2	87%	7	58.5%
3	80.5%	8	54%
4	74%	9	49.5%
5	67.5%	10	45%

Hazardous duty is only eligible for up to 5 years reduced benefit



Tier 1 Examples:

A non-hazardous member has 25 years of service and is age 55. If the member chooses to retire, his/her benefit will be reduced to 87% (6.5% for each year away from 27 years of service).

A hazardous member has 18 years of service and is age 52. If the member chooses to retire, his/her benefit will be reduced to 87% (6.5% for each year away from 20 years of service).

Tier 2 Examples:

A nonhazardous member has 10 years of service and is age 60. If the member chooses to retire, the benefit will be reduced to 67.5% because the member is 5 years short of reaching age 65.

A hazardous member has 22 years of service and is age 55. If he chooses to retire, the benefit will be reduced to 80.5% because the member is 3 years away from 25 years service.





BENEFIT FACTOR

Benefit factors are set by state law and vary based on the type of service and participation date. The benefit factors shown below apply to Tier 1 members.

Benefit Factor %

KERS Nonhaz (1)

1.97%

If member does not have 13 months credit for 1/1/1998-1/1/1999

KERS Nonhaz (2)

2.00%

If member has 13 months credit for 1/1/1998-1/1/1999

KERS Haz

2.49%

Only approved hazardous duty position are eligible.

CERS Nonhaz (1)

2.00%

If member began participating on or after 8/1/2004 and before 9/1/2008

CERS Nonhaz (2)

2.20%

If member began participating prior to 8/1/2004

CERS Haz

2.50%

Only approved hazardous duty position are eligible.

SPRS

2.50%



FINAL COMPENSATION

For Tier 1 members, final compensation, or salary average, is determined by dividing the total salary earned (5-High or 3-High) by the total months worked and then multiplying by twelve to annualize.

Non-Hazardous Members

Non-Hazardous retirement benefits are based on 5 HIGHEST years of final compensation. When final compensation is based on the 5-High, it must include at least 48 months and a minimum of 5 fiscal years. Partial fiscal years can be included. The example below walks you through the final compensation calculation.

Fiscal Year	5-High	Months
Year 1	\$3,625	1
Year 2	\$31,295	12
Year 3	\$29,795	12
Year 4	\$28,295	12
Year 5	\$26,795	12
Total	\$119,805	49

\$119,805 / 49 months x 12 = \$29,340

MEMBERS WITH BOTH Nonhazardous & Hazardous Service

A member who has hazardous and non-hazardous service will receive two monthly benefits upon retirement: one for the hazardous service and one for the non-hazardous service. In this situation, a member will have 5-High Final Compensation for the non-hazardous service and 3-High Final Compensation for the hazardous service.

Hazardous Members

Hazardous retirement benefits are based on 3-HIGHEST years of final compensation. A 3-High final compensation must include at least 24 months and a minimum of three fiscal years. Partial fiscal years can be included.

Fiscal Year	5-High	Months	
Year 1	\$4,000	1	
Year 2	\$46,000	12	
Year 3	\$44,000	12	
Total	\$94,000	25	
\$94,000 / 25 months x 12 = \$45,120			

Usually, a TIER 1 member's Final Compensation can be increased if termination of employment is timed so that it occurs in the early part of a new fiscal year (as opposed to terminating employment at the end of a fiscal year). KRS' fiscal year begins July 1 and ends June 30. A retirement date of August 1 or September 1 may be an appropriate time to retire because of the effect on Final Compensation.







BENEFIT FACTOR

Benefit factors are set by statute and vary depending upon the type of service, amount of service, participation date and the retirement date. Benefit factors are applied based on a tiered structure. Higher factors are attained as members reach specified levels of service.

BENEFIT FACTOR

Nonhazardous

	Service Credit
1.10%	≤120 months
1.30%	121 - 240 months
1.50%	241 - 312 months
1.75%	313 - 360 months
2.00%	≥ 361 months*

^{*} The 2.00% benefit factor only applies to service credit in excess of 30 years.

Hazardous

1.30%	≤120 months
1.50%	121 - 240 months
2.25%	241 - 300 months
2.50%	≥ 300 months*

*If total service credit is more than 25 years, the 2.5% benefit factor applies to all service credit.



FINAL COMPENSATION

For Tier 2 members, final compensation, or salary average, is determined by dividing the total salary earned (last 5 or highest 3 complete fiscal years) by the total months worked and then multiplying by twelve to annualize. This is based on KRS fiscal full years not calendar years.

Non-Hazardous Members

Final Compensation is calculated by taking the average of the LAST (not highest) five full fiscal years of salary. Partial fiscal years will not be included.

Fiscal Year	LAST 5	Months	
Year 1	\$46,000	12	
Year 2	\$44,000	12	
Year 3	\$42,000	12	
Year 4	\$40,000	12	
Year 5	\$38,500	12	
Total	\$210,500	60	
\$210,500 / 60 months x 12			
= \$42,100			

Hazardous Members

Final Compensation is calculated by taking the average of the HIGHEST three full fiscal years of salary. Partial fiscal years will not be included.

Fiscal Year	HIGH 3	Months	
Year 1	\$46,000	12	
Year 2	\$44,000	12	
Year 3	\$42,000	12	
Total	\$132,000	36	
\$132,000 / 36 months x 12 = \$44,000			



MEMBERS WITH BOTH Nonhazardous & Hazardous Service

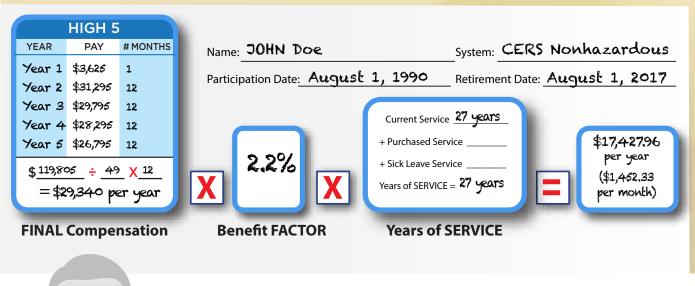
A member who has hazardous and non-hazardous service will receive two monthly benefits upon retirement: one for the hazardous service and one for the non-hazardous service. In this situation, a member will have Last 5 Final Compensation for the non-hazardous service and 3-High Final Compensation for the hazardous service.



TIER 1 EXAMPLE - Nonhazardous

For example: John Doe is a Nonhazardous CERS employee and is planning to retire August 1st with 27 years of service.

JOHN DOE





The retirement formula is: Final Compensation multiplied by Benefit Factor (%) multiplied by Years of Service equals Annual Benefit.

In John's case, retirement benefit totals \$17,427.96 per year.

The value produced by the retirement formula is divided by twelve to get a monthly payment.

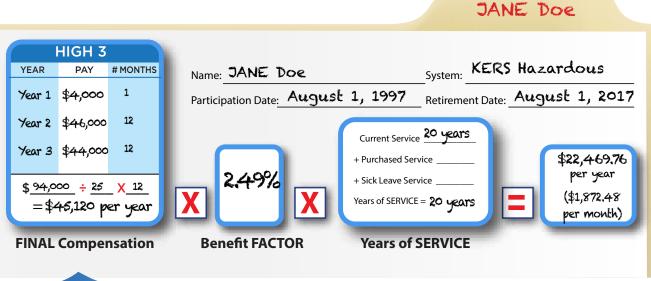
17,427.96/12 months = 1,452.33 per month under the Basic payment option.





TIER 1 EXAMPLE - Hazardous

For example: Jane Doe is a Hazardous KERS employee and is planning to retire August 1st with 20 years of Service Credit.





The retirement formula is: Final Compensation multiplied by Benefit Factor (%) multiplied by Years of Service equals Annual Benefit.

In Jane's case, her retirement benefit totals \$22,469.76 per year.

The value produced by the retirement formula is divided by twelve to get a monthly payment under the Basic Option.

\$22,469.76/12 months = \$1,872.48 per month under the Basic payment option.

*Timing Your Retirement

Usually, a member's Final Compensation can be increased if termination of employment is timed so that it occurs in the early part of a new fiscal year (as opposed to terminating employment at the end of a fiscal year). KRS' fiscal year begins July 1 and ends June 30. A retirement date of August 1 or September 1 may be an appropriate time to retire because of the effect on Final Compensation.

Members approaching retirement should plan termination of employment so that the last day of employment is the last working day of the month. Otherwise, the member's Final Compensation might be reduced as a result of an individual's final month representing only a partial month's wages.

For both hazardous and non-hazardous service, the years used do not have to be full (12 month) years. The fiscal years do not have to be consecutive, although for most members, the last years of employment are generally the years of highest earnings.

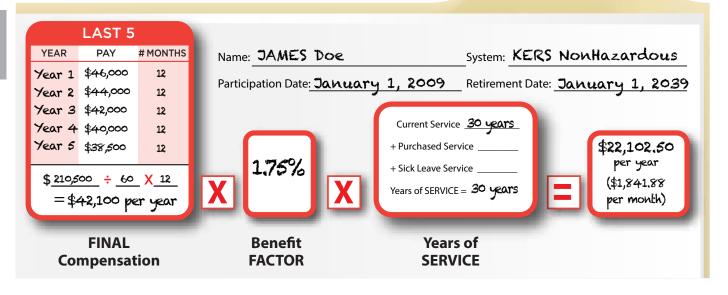


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TIER 2 EXAMPLE- Nonhazardous

For example: James Doe is retiring with 30 years of nonhazardous service at age 57 with a \$42,100 Final Compensation.

JAMES DOE





The retirement formula is: Final Compensation multiplied by Benefit Factor (%) multiplied by Years of Service equals Annual Benefit.

In James' case, his retirement benefit totals \$22,102.50 per year.

The value produced by the retirement formula is divided by twelve to get a monthly payment under the Basic Option.

\$22,102.50/12= \$1,841.88 per month under the Basic payment option.



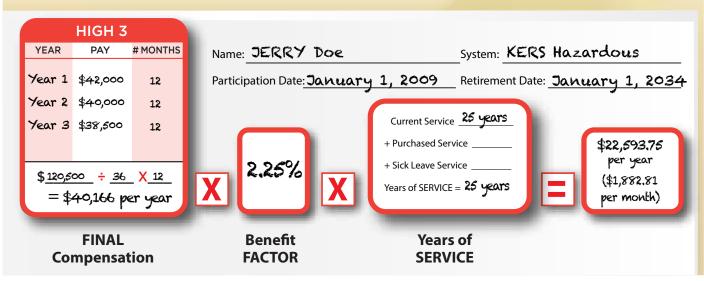




TIER 2 EXAMPLE- Hazardous

For example: *Jerry Doe is retiring with 25 years of hazardous service at age 57.*

JERRY DOE





The retirement formula is: Final Compensation multiplied by Benefit Factor (%) multiplied by Years of Service equals Annual Benefit.

In Jerry's case, his retirement benefit totals \$22,593.75 per year.

The value produced by the retirement formula is divided by twelve to get a monthly payment under the Basic Option.

\$22,593.75/12= \$1,882.81 per month under the Basic payment option.









RETIREMENT PAYMENT

Upon retirement, KRS provides various payment options so that a retiring employee can select a monthly benefit option most suited to his or her particular retirement needs. The amounts shown in the example on page 38 are based on a nonhazardous employee's account and are meant only as an example.





RETIREMENT PAYMENT OPTIONS

A member who is retiring should carefully review his payment options because no changes can be made to the payment option or the designated beneficiary of the retirement account after the first day of the month in which a member receives his first retirement allowance.

Each member planning to retire should also consider each option by assuming various contingencies and the likelihood of the contingencies occurring (i.e. the beneficiary dies before the member). Members should keep in mind that, for most payment options, an individual must be receiving a monthly retirement allowance to participate in the medical insurance program. This is particularly important if a spouse or any dependent children will need continued medical insurance coverage after the member's death.

Members should also be aware that if a non-spouse beneficiary is designated for the retirement account, certain payment options may not be available to the member. IRS regulations require that KRS perform a test on certain payment options to determine the age difference between a member and a non-spouse beneficiary.

Beneficiary designation at retirement

At the time of retirement, the member may name only one person, his or her estate, or a trust as beneficiary of the monthly retirement allowance. The retired member may not change this designation on or after the first day of the month in which the member receives the first retirement allowance.

If the beneficiary dies or divorces the retired member, state law provides that the member's estate becomes the beneficiary. An estate or trust cannot be eligible for a lifetime payment upon the death of a member.



Login to our self service website at https://myretirement.ky.gov to generate estimates naming different beneficiaries to determine if your payment options are impacted by the IRS rules.

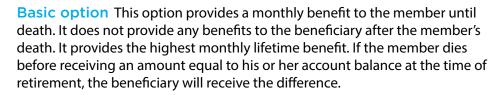




RETIREMENT PAYMENT OPTIONS

NOTE: Under the Basic option, the payment would stop upon the member's death, unless the member had not received all of his account balance.

NOTE: If a member selected Life with 10, 15, or 20 Years Certain and a trust or his estate is beneficiary, the trustee or estate shall receive a lump sum payment totaling the actuarial equivalent of the remaining payments.



Life with 10 years certain A member, less than age 76, may choose this option. This guarantees payments for a 120 month period, which begins when the member retires. If the member dies before 120 payments have been made, the beneficiary will receive the remaining payments. If the estate or a trust is the beneficiary, the estate or trustee shall receive a lump-sum payment which shall be the actuarial reduced equivalent to the remaining payments. If the member survives past the 120 payments, the same monthly benefit continues to the member for life, but the beneficiary is no longer eligible for benefits upon the member's death.

Life with 15 years certain A member, less than age 68, may choose this option. This guarantees payments over a 180 month period, which begins when the member retires. If the member dies before 180 payments have been made, the beneficiary will receive the remaining payments. If the estate or a trust is the beneficiary, the estate or trustee shall receive a lump-sum payment which shall be the actuarial equivalent to the remaining payments. If the member survives past the 180 payments, the same monthly benefit continues to the member for life, but the beneficiary is no longer eligible for benefits upon the member's death.

Life with 20 years certain A member, less than age 62, may choose this option. This guarantees payments over a 240 month period, which begins when the member retires. If the member dies before 240 payments have been made, the beneficiary will receive the remaining payments. If the estate or a trust is the beneficiary, the estate or trustee shall receive a lump-sum payment, which shall be the actuarial equivalent to the remaining payments. If the member survives past the 240 month period, the same monthly benefit continues to the member for life, but the beneficiary is no longer eligible for benefits upon the member's death.

If the member dies before the 120, 180 or 240 month period ends and the beneficiary is receiving the benefit, the beneficiary's estate would be entitled to any remaining benefits if the beneficiary dies before all payments have been made.

Survivorship 100% option This option guarantees a monthly benefit to the member for the member's lifetime. If the member dies before the beneficiary, the beneficiary is eligible for the same monthly benefit until death.

Survivorship 66 2/3% option This option guarantees a monthly benefit to the member for the member's lifetime. If the member dies before the beneficiary, the beneficiary is eligible for a monthly benefit equal to 66 2/3% of the member's monthly benefit until death.

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Survivorship 50% option This option guarantees a monthly benefit to the member for the member's lifetime. If the member dies before the beneficiary, the beneficiary is eligible for a monthly benefit equal to 50% of the member's monthly benefit until death.

Pop-Up option This option guarantees a monthly benefit to the member for the member's lifetime. If the member dies before the beneficiary, the beneficiary is eligible for the same monthly benefit until death; however, if the beneficiary dies before the member, the member's monthly benefit "Pops-Up," or increases, to the amount under the Basic Option. The member's benefit will also Pop-Up if the member's beneficiary is a spouse and they become divorced.

Social Security adjustment option (without survivor rights) A member less than age 62 may elect to take a larger monthly payment until reaching age 62, when they may be eligible for Social Security. The monthly benefit will be reduced the month following the member's 62nd birthday. This option allows the member to draw a larger benefit until age 62. This option does not affect the amount of Social Security that the member will receive. A beneficiary is not eligible for benefits if the member dies.

Social Security adjustment option (with survivor rights) This provides the same benefits as the Social Security Adjustment Option Without Survivor Rights. In addition, it guarantees the same benefit to the beneficiary if the member dies. If the member dies before age 62, the beneficiary draws the higher payment until the member would have become age 62. Thereafter, the beneficiary will receive the same reduced monthly benefit that the member would have received.

Actuarial equivalent refund option This option provides a one-time lump sum payment to the member that is the actuarial equivalent of the amount the member would have received had his or her benefits been paid over 60 months. Be especially careful when considering this payment option. By selecting this option, the member forfeits health insurance benefits, the death benefit and any other KRS benefits. This is a retirement benefit, not a refund of the member's account. An individual electing this payment option cannot repay the actuarial refund if employed with a participating employer at a later date. If you select this option, you may be subject to additional tax penalties. You may wish to consult a tax advisor.

NOTE: If the beneficiary is not receiving a monthly benefit upon the members death, the beneficiary cannot participate in the insurance program.



[1] T

TIER 1 EXAMPLE



The Social Security
Options at right
assume John will
receive a \$1,000
monthly benefit at age
62 from Social Security.



NOTE: If a non-spouse beneficiary is selected at the time of retirement, certain payment options may not be available depending on the age difference between the member and the beneficiary.

Remember, you cannot rename a beneficiary in retirement. If your designated beneficiary dies before you or if you divorce, consider what happens to the benefit payment.



In the example below, John Doe works in a Nonhazardous position for an agency participating and he is retiring August 1st with a Final Compensation of \$29,340 and 27 years of Service Credit.

The retirement formula is: Final Compensation multiplied by Benefit Factor (%) multiplied by Years of Service equals Annual Benefit.

In John's case: \$29,340 x 2.2 % x 27 years = \$17,427.96 per year

The value produced by the retirement formula is divided by twelve to get a monthly payment -\$17,427.96/12 months =\$1,452.33 per month if he chose the Basic payment option. He has other options available to him. Below are examples of the payment options he can choose.

Payment Options	Member Payment	<i>(or)</i> Beneficiary Payment
Basic	\$1,452.33	\$0.00
Life with 10 years certain	\$1,432.19	\$1,432.19 <i>(or)</i> \$0.00
Life with 15 years certain	\$1,408.70	\$1,408.70 (or) \$0.00
Life with 20 years certain	\$1,378.87	\$1,378.87 (or) \$0.00
Survivorship 100%	\$1,321.32	\$1,321.32
Survivorship 66 2/3%	\$1,362.28	\$908.23
Survivorship 50%	\$1,383.73	\$691.87
Pop-Up Option	\$1,310.14 or Basic	\$1,310.14
Social Security Option Without Survivor Rights	Until Age 62 \$2,145.71	\$0.00
	Age 62 & After \$1,145.71	\$0.00
Social Security Option With Survivor Rights	Until Age 62 \$2,040.24	Until Age 62 \$2040.24
	Age 62 & After \$1,040.24	Age 62 & After \$1,040.24
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John Doe can also reject all monthly payment options and request an actuarial refund of approximately \$73,344.41.

TAX TREATMENT OF BENEFITS

Federal income tax

Monthly benefits from KERS, CERS and SPRS are generally subject to federal income tax. If a member made contributions with post-tax dollars, then a portion of the monthly benefit will not be subject to federal income tax.

Income tax withholding

You have the option to choose your tax withholding preference. You may want to review your decision on withholdings periodically. From year to year, the amount of federal tax being withheld from your monthly benefit payments (if any) may change due to changes in the withholding tables provided by the IRS. Your original withholding choice will remain in effect until you file new tax withholding forms with KRS. You may contact the retirement office to request a copy of the form, you may download the form from our web site, or you may change your withholding election(s) for benefit payments online through the self service site. Your decision on income tax withholding is an important one, and you should discuss it with a qualified tax adviser.

Withholding notice to members receiving benefit payments in a foreign country

The Tax Reform Act of 1986 requires automatic withholding from benefit checks if you are a U.S. citizen receiving your benefits in a foreign country.

If you are not a U.S. citizen and are living in a foreign country, different income tax rules apply.

State income tax

All benefits attributable to service earned on or before December 31, 1997, are exempt from Kentucky income tax. The portion of the member's benefits earned January 1, 1998, and after is subject to Kentucky income tax; however, this income may be excludable up to a certain amount (see Schedule P in the Kentucky income tax forms for the exclusion amount and calculation). Retirement credit for unused sick leave is treated as being earned at the time of retirement.

Retirement income from all sources including KERS, CERS and SPRS benefits earned January 1, 1998 or after, as well as income from private pensions such as IRAs, Deferred Compensation and others may be excludable up to a certain amount (see Schedule P in the Kentucky income tax forms for the exclusion amount and calculation).

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NOTE: As of August 1, 1982, all employee contributions are pre-tax deductions per Section 414(h) of the Internal Revenue Code.



Forms are available on the KRS website at https://kyret.ky.gov.

IRA
Individual Retirement Account



KY STATE TAX EXAMPLE

FOR EXAMPLE: Jenny was employed by the state in 1989. She retired at the end of 2014 with 27 total years. Her KERS pension for the 2015 calendar year is \$30,000. She will also receive \$15,000 from Deferred Compensation. Her 2015 state tax computation is computed below.



1. Compute taxable pension income from KERS. Jenny earned 17 of her 27 years of service credit after January 1998 or 62.96%. Take this percentage and multiply by her annual benefit of \$30,000, the amount of her KERS benefit subject to state income taxes is \$18,888.00.

17 years ÷ 27 years total = 62.96% \$30,000 X 62.96% = \$18,888.00

2. Add taxable pension income from all sources:

- **3.** Apply the exclusion: \$41,110 (pension exclusion)
- **4.** Taxable pension income for KY income taxes: \$0





DIVORCE & RETIREMENT BENEFITS

A final divorce decree voids the designation of a spouse as beneficiary. If the divorce occurs after the first day of the month in which the retirement allowance has been issued by the State Treasurer, the retired member's estate becomes the beneficiary of the account.

If You Divorce

You must notify KRS when you divorce if you have named your exspouse as beneficiary or have them covered by insurance through KRS. A final divorce decree voids the designation of a spouse as beneficiary and terminates the ex-spouse's eligibility as a dependent on health insurance coverage. If the divorce occurs after the first day of the month in which you receive your first payment, your estate becomes the beneficiary of the account. You are not permitted to name a new beneficiary for monthly benefits.

Your estate will not be entitled to payments under a survivorship payment option. In the event of remarriage to the former spouse who was the named beneficiary on the member's Form 6000, Notification of Retirement, the former spouse will be reinstated as beneficiary. Reinstatement applies only when certain survivorship payment options were chosen.

If the ex-spouse is the named beneficiary of the death benefit, the Form 6030, Death Benefit Designation, must be completed again following the date of divorce, or the estate will become the beneficiary of the payment when it is issued.

If a Pop up option is selected at retirement, the member's benefit will "Pop-Up" to the Basic Option if the member's beneficiary is a spouse and they become divorced.

Qualified Domestic Relations Orders

KRS accepts and enforces Qualified Domestic Relations Orders (QDROs) that are submitted in accordance with Kentucky Revised Statute 61.690 and Kentucky Administrative Regulation 105 KAR 1:190.

Download the appropriate form at kyret.ky.gov under our Forms section. QDROs will only be accepted if they are on the form incorporated by reference to the administrative regulation. KRS cannot accept any QDROs that are not on the form provided by KRS.

QDROs will only be administered prospectively and KRS will not be responsible for collecting any payments that are delinquent at the time KRS accepts the QDRO. Most QDRO documents have a filing fee.

QDROs that were accepted by KRS for enforcement prior to July 15, 2000, will not be affected by KRS 61.690 and no action is necessary for those orders to remain in effect.

The alternate payee of a QDRO is not eligible to enroll for health insurance coverage through Kentucky Retirement Systems.



If you change your name

If you change your name, you must submit a copy of your new Social Security card, Medicare card, a marriage certificate, or a divorce decree along with a written request to change your name. Marriage and divorce are also Qualifying Events for the purposes of health insurance.











STRATEGIES FOR YOUR RETIREMENT

There's a lot to consider when planning for retirement. Depending on a member's participation date, members may be able to increase their KRS benefits through one or more of the following options.





PURCHASE SERVICE CREDIT

Purchase service credit to increase total service credit

If you are eligible to purchase service credit, the additional service credit will be used to determine your benefits when you retire. So, if an employee has worked 27 years and purchases 5 years of service, the employee's benefit would be based on 32 years. To see how purchasing service credit can increase retirement benefits, consider the example below.



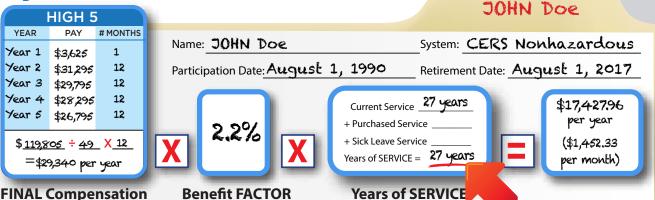
Use our self-service website at *https://myretirement.ky.gov* to view a cost calculation online.



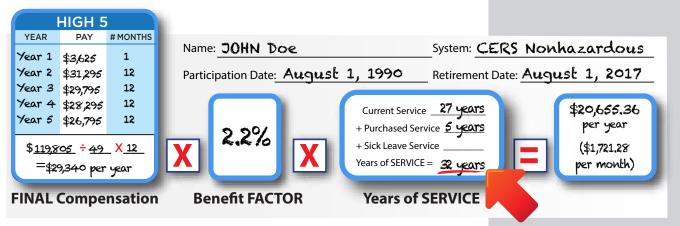
John Doe works in a non-hazardous position for an agency participating in CERS. He is retiring August 1st with a Final Compensation of \$29,340.00 and 27 years of service credit. Without purchasing any additional service credit, his benefit will be determined as follows:



NOTE: See pages 15-17 for a listing of available service purchases.



If he purchases 5 years of service credit, his benefit will be determined as follows:



By purchasing the 5 years of service credit, John's annual benefit increased by \$3,227.40. On a monthly basis, John's benefit increased by \$268.95. John should carefully compare the cost of purchasing 5 years of service credit to the increased benefit amount.

USING ACCRUED SICK LEAVE

Using accrued sick leave to increase total service credit

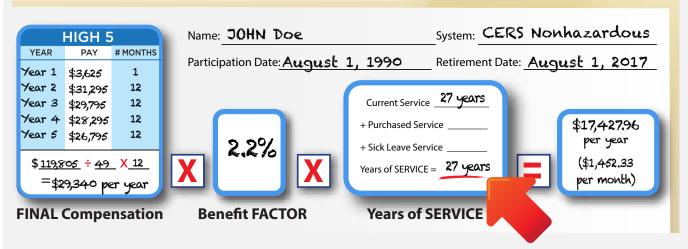
Many members are eligible to receive service credit for unused accumulated sick leave upon retirement. Just like purchasing service credit, the additional service provided for unused accumulated sick leave will be used to determine your benefits when you retire. To see how the accumulation of unused sick leave can increase retirement benefits, consider the example below.



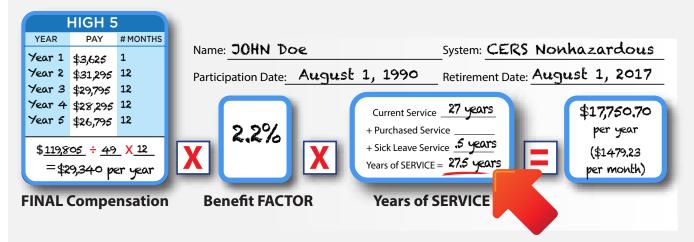
John Doe works in a non-hazardous position for an agency participating in CERS. The agency participates in the Standard sick leave program and pays the cost for converting all unused accumulated sick leave at retirement to additional service credit. He is retiring August 1st with a Final Compensation of \$29,340.00 and 27 years of service credit. If he does not have an accumulation of sick leave at retirement, his benefit will

be determined as follows:

JOHN DOE



If he has accumulated 6 months of sick leave at retirement, his benefit will be determined as follows:



By having an unused accumulated sick leave balance of 6 months at the time of retirement, John's annual benefit increased by \$322.74. On a monthly basis, John's benefit increased by \$26.90.

USING COMPENSATORY TIME

NOTE: Compensatory time is not considered creditable compensation for members who began participating 9/1/08 or after.

NOTE: Payment for Compensatory time is issued by the employer not KRS.

Using accumulated compensatory time to increase final compensation

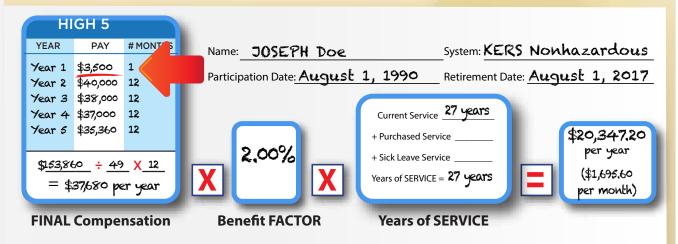
Many KERS and SPRS members accrue compensatory time for hours worked in excess of their regular work schedule. At retirement, these members are paid a lump sum amount for their unused accumulated compensatory time balances. For Tier 1, this payment is considered creditable compensation and both employee and employer contributions are paid on the lump sum payment for compensatory time. This payment is added into the last month's salary reported to KRS and may affect a member's Final Compensation calculation. To see how the accumulation of unused compensatory time can increase retirement benefits, consider the example below.



Joseph Doe works in a nonhazardous position for an agency in KERS and is Tier 1. He is planning to retire August 1st. At retirement, he has accrued 239 hours of compensatory time. Based upon a monthly rate of pay of \$3,500.00, he will receive a lump sum payment of \$5,163.58. This payment will be added into his last month of paid employment in July. His Final Compensation calculation with and without the lump sum payment for compensatory time is provided below.

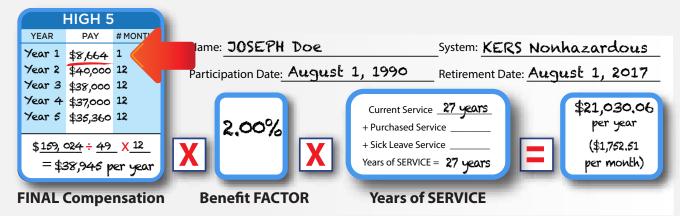
If he did NOT have an accumulation of compensatory time at retirement, his benefit will be determined as follows:

JOSEPH DOE



If he has accumulated 239 hours of compensatory time at retirement, his benefit will be determined as follows:

NOTE: High-5 Final Compensation (with compensatory time payment of \$5,163.00 in July)



By having an unused accumulated compensatory time balance of 239 hours at the time of retirement, Joe's annual benefit increased by \$682.86. On a monthly basis, Joe's benefit increased by \$56.91.

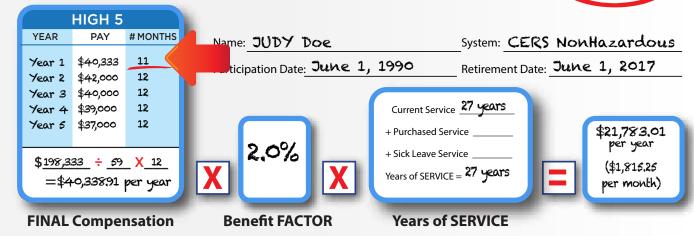
COMPARING RETIREMENT DATES



Examine various retirement dates Members often question the best time of the year to retire. Ultimately, the decision is determined by your individual situation and needs. You may wish to consider how your Final Compensation could change if you work into a new fiscal year and retire August or later. To see how different retirement dates can affect a member's monthly benefit, consider the following example.

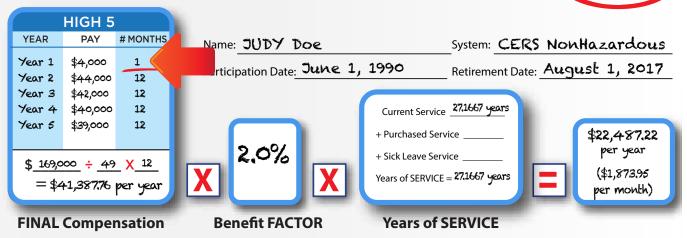
Judy Doe works in a nonhazardous position for an agency participating in KERS and is considering two retirement dates: June 1, 2017 and August 1, 2017. She will have 27 years of service if she retires in June and will accumulate 2 additional months of service credit if she retires in August.

Based on a final compensation of \$40,338.98 the retirement benefit for a June 1st retirement date is:



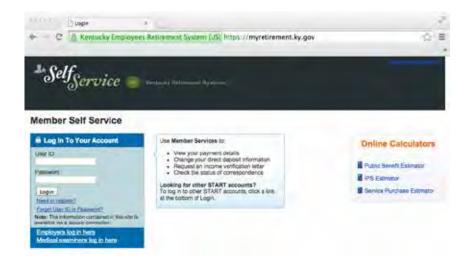
If she retires in August, she will accrue two additional months of service credit and her final compensation will increase as she works into the new fiscal year. Final compensation would be calculated as shown below:





By retiring in August and consequently increasing her final compensation, Amy's annual benefit increased by \$704.21. On a monthly basis, Amy's benefit increased by \$58.70.

NOTES





Run your own benefit estimates easily in Self Service

https://myretirement.ky.gov

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MEDICAL INSURANCE

Insurance for retirees & beneficiaries

KRS provides group rates on medical insurance for retired members. Participation in the insurance program is optional and requires the completion of the proper forms at the time of retirement or during open enrollment. KRS provides access to group health insurance coverage through the Kentucky Employees Health Plan for recipients until they become eligible for Medicare. After a recipient becomes eligible for Medicare, coverage is available through a Medicare eligible plan offered by KRS.

In order to cover a spouse or dependent on a plan the retiree must also be enrolled and covered by a KRS plan. If a retiree waives coverage, the spouse and/or eligible dependents cannot be enrolled in the KRS Health Insurance Plans.

Members enroll in the appropriate insurance plan upon retirement by completing the proper forms (Note: if a waiver of health insurance coverage is not received by KRS you will be defaulted into a health insurance plan at the single level of coverage). In order for insurance to be effective during the first month of retirement, all insurance forms and required documents must be filed with KRS the month before the first monthly benefit is issued. If your insurance forms are filed at KRS during the month in which your first monthly benefit is issued, insurance coverage will be effective the following month. After initial enrollment, members may only make changes to their coverage selections during the annual Open Enrollment period. Members who experience certain Qualifying Events may be eligible to make changes throughout the year.

Submission Deadlines for Insurance for Newly Retired Members

6200 Form Insurance Coverage

For insurance coverage to begin the same month as your retirement payment, you must file a Form 6200 with our office by the last day of the month prior to the month you retire. If you miss the deadline, you will be placed on the defaulted plan and won't be able to change until Open Enrollment or a qualifying event.

If you miss this deadline, you will be placed in the default single health insurance plan.

For example:

Retirement	Form 6200	Insurance
Date	Due By	Effective Date
May 1	April 30	May 1

If you miss the above deadline, you can still submit a Form 6200. Your Form 6200 must be filed with our office by the last day of the month in which you retire.

For example:

Retirement	Form 6200	Insurance
Date	Due By	Effective Date
May 1	May 30	June 1

Please remember

If you do not return a health insurance application either waiving coverage or selecting a plan, you will be defaulted into a health insurance plan.

- Your retirement can be effective without insurance coverage.
- You are responsible for filing your insurance application by the due date.
- Documentation for health insurance dependents/spouse is required.
- Waiting until the last minute to file an application will cause delays in receiving your insurance card and accessing benefits.



If you miss both deadlines or you are defaulted into a health insurance plan, you will not be allowed to change your health insurance plan until the next open enrollment or if you experience a Qualifying Event.



NOTE: For hazardous duty members, the portion paid toward couple, parent plus or family coverage is based solely on the amount of service the member has in an approved hazardous position.

NOTE: Certain CERS hazardous members who were contributing as of January 1998 and had non-hazardous service as police officers or firefighters may be able to use their total service to qualify for the additional contribution towards dependent coverage.



Unless you waive coverage, you will be defaulted into a plan and can only be changed at open enrollment or a qualifying event.

Waiver of health insurance coverage

If a retiring member chooses to waive insurance coverage through KRS, the contribution KRS would have paid toward insurance is forfeited and coverage through KRS cannot be obtained until the next annual open enrollment period unless a Qualifying Event occurs.

If you need to make changes to your health insurance

You may add or drop dependents outside of open enrollment only if you experience certain Qualifying Events. If you experience a Qualifying Event, it will be necessary to complete and return the proper form or a new application to the retirement office within the prescribed time period following the Qualifying Event. Contact the retirement office for the appropriate form in order to add or drop a dependent covered by your insurance.

If you move out of state, you may be eligible to participate in the Medical Insurance Reimbursement Plan if coverage through the health insurance plan offered by KRS is unavailable. Contact the retirement office for details. Through the Medical Insurance Reimbursement Plan the member, who is eligible for an insurance contribution from KRS, may obtain other health insurance coverage and apply for reimbursement of the eligible out-of-pocket premiums paid. The maximum reimbursement amount cannot exceed the contribution KRS would otherwise contribute on behalf of the member if he or she participated in the Kentucky Employees Health Plan. The reimbursement rate will be reduced by the amount an employer or agency contributes, if any, toward the member's medical insurance premium.

If you failed to complete the insurance application(s) at the time you retired or began receiving benefits as a beneficiary, you will have the opportunity each year to apply for health insurance coverage. You will be notified each year of the period during which you may make the election for health insurance coverage. Read the open enrollment information carefully because companies, types and amounts of coverage, and other requirements change frequently.





If you or your dependents become eligible for Medicare

If you or your eligible dependents become eligible for Medicare due to age or disability, you should contact the retirement office for information concerning health insurance options. The Medicare eligible individual and other covered individuals may be required to complete new applications. Anyone covered by a Medicare eligible plan through the retirement office should obtain both Parts A and B of Medicare through the Social Security Administration in order to have full medical insurance coverage. As soon as you know that you or an eligible dependent will become Medicare eligible, contact the retirement office to discuss your insurance options.

Retired Reemployed Members

If the retiree has an initial participation date with KRS on or after September 1, 2008 and is reemployed after retirement in a regular full-time position, the employee will not be eligible for health insurance coverage through KRS and will be required to take health insurance coverage through his employer during the period of reemployment.



Remember that you must contact KRS before considering returning to work after you have retired. KRS wants to ensure that you do not unintentionally void your retirement benefits and have to return benefits already distributed to you. See pages 57-59.

If the retiree is Tier 1 and is reemployed in a regular full-time position, the retiree may enroll in health insurance through his employer or through KRS. If the retiree enrolls in health insurance through KRS, his employer will be billed for the single contribution rate premium.

If you are Medicare eligible and return to work, KRS will not be allowed to offer you coverage due to the MSP (Medicare Secondary Payer) requirement. You must take your health insurance coverage through your employer. Please call KRS if you have questions. You should also contact Medicare if you have questions.

NOTE: State law requires that the retiree and employer notify KRS if the retiree is going to accept employment with or volunteer for an agency participating in the Kentucky Retirement Systems, including working in a non-participating position, through a third party at a participating agency, or as an independent contractor.





Dependent Eligibility & Verification for Health Insurance for Hazardous Duty Retirees with Health Insurance Dependents

Document dependent's eligibility

When filing for retirement, you must complete an insurance application and provide documentation of your dependent's eligibility, such as your marriage certificate for your spouse or a birth certificate for your children.

Dependents aged 18-22

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If your dependent is a child between the ages of 18 and 22, you will also need to complete Form 6256 Designation of Spouse and/or Dependent Child for Health Insurance Certification of Dependent Eligibility. You will complete this form each year during open enrollment certifying that your dependent child continues to meet the eligibility requirements for this age group in order for KRS to verify eligibility for coverage and to verify eligibility for the health insurance contribution.

YOU MUST SUBMIT ALL REQUIRED FORMS AND DOCUMENTATION TO OUR OFFICE.

NOTE: You may continue to cover Hazardous Duty Dependents between the ages 22-26 as they are eligible for coverage. A birth certificate, or other supporting documentation will be required. Hazardous Duty Dependents are not eligible for health insurance contribution after reaching age 22, but they are eligible for coverage and the Retiree will pay the cost of the health insurance premium.

Find eligibility rules

It is important that you know the eligibility rules for dependent coverage. Please visit our website at kyret.ky.gov and look for more information in the "Retirees & Family" section.

Did You Know?

In order for insurance to be effective during the first month of retirement, all insurance forms and required documents must be filed with KRS the month before the first monthly benefit is issued.



Percentage Contribution

Participation Date Prior to July 1, 2003



Tier 1 Benefits for Health Insurance

Members participating prior to July 1, 2003

KRS pays a percentage of the monthly contribution rate for medical insurance coverage based on the retired member's years of service and type of service.

KRS pays a percentage of the monthly contribution rate for insurance coverage based on the retired member's years of service and type of service (hazardous or non-hazardous).

Each year prior to the Open Enrollment period, KRS' Board of Trustees establishes the contribution rate for the following plan year. The monthly contribution rate is based on single coverage under the insurance plan approved by the KRS' Board of Trustees.

The percentage of the monthly contribution rate paid is shown below. For hazardous members, the portion paid toward couple, parent plus or family coverage is based solely on the amount of service the member has in an approved hazardous position.

Non-Hazardous Service	Member % of Contribution Rate Paid*	Hazardous Service	Member & Dependent % of Contribution Rate Paid*
Less than 4 years	0%	Less than 4 years	0%
4 - 9+ years	25%	4 - 9+ years	25%
10 - 14+ years	50%	10 - 14+ years	50%
15 - 19+ years	75%	15 - 19+ years	75%
20+ years	100%	20+ years	100%

*Benefits for In Line of Duty and Duty Related retirees and beneficiaries may be different. If these benefits apply to you, please contact our office for more information.

Dollar Contribution

Members participating on or after July 1, 2003



Tier 1 Benefits for Health Insurance

Members participating between July 1, 2003 and August 31, 2008

Eligibility for insurance benefits shall not be provided until the member has earned at least one hundred twenty (120) months of service in the stateadministered retirement systems.



Tier 2 Benefits for Health Insurance

Members participating on or after Sept 1, 2008

Eligibility for insurance benefits shall not be provided until the member has earned at least one hundred eighty (180) months of service in the stateadministered retirement systems.

Non-Hazardous members whose participation began on or after July 1, 2003, will earn a monthly contribution for insurance of ten dollars (\$10) for each year of earned service.

Hazardous duty members whose participation began on or after July 1, 2003, will earn a monthly contribution for insurance of fifteen dollars (\$15) for each year of earned service in a hazardous position. Upon the retiree's death, the spouse of a hazardous duty member will receive a monthly insurance contribution of ten dollars (\$10) for each year of hazardous duty provided the spouse is designated as beneficiary and remains eligible for monthly benefits upon the retired member's death.

The monthly insurance contribution will be increased July 1 each year by 1.5%. The annual increase shall be cumulative and shall continue to accrue after the member's retirement for as long as a monthly insurance contribution is payable to the retired member or beneficiary.

NONHAZARDOUS EXAMPLE

Monthly Health Premium - \$10 x Full Years in Service

Your Monthly Cost

HAZARDOUS EXAMPLE

Monthly Health Premium - \$15 x Full Years in Service

Your Monthly Cost

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RETIREMENT & REEMPLOYMENT

A member considering retirement within the next two years should obtain an estimate of retirement benefits. This estimate can be helpful in determining post-retirement income.

KRS provides benefits counseling and the retirement office is open Monday through Friday from 8:00 am to 4:30 pm Eastern time. Appointments are required.

If you will be eligible for Social Security at the time of retirement, you may want to contact your local Social Security Administration office at least 90 days before the anticipated retirement date. Social Security benefits and requirements differ from those of KRS. If you will be eligible for Medicare at retirement, it is advisable to contact the Social Security office even earlier. Medicare-eligible retirees must present a copy of their Medicare card if they are applying for Medicare-eligible insurance coverage. If you are considering a service purchase, you should allow several months to obtain any documentation on the service. In almost every case, the service must be purchased prior to termination and while a contributing member.

WHEN TO FILE FOR BENEFITS

About 45 to 60 days before your retirement date, you should complete the Form 6000, Notification of Retirement, and return it to KRS. You may file the Notification of Retirement up to six (6) months prior to your retirement date. Once you file, the beneficiary on your Notification of Retirement supersedes all previous designations. The estate of the recipient would become the beneficiary if both you and the beneficiary on your Notification of Retirement should die.



EXCEPTION: If the Form 6000 is withdrawn, invalid, or voided, the prior beneficiary designation on file with KRS is reinstated until changed by the member.

You must include either a copy of your birth certificate or Kentucky driver's license with the form if you have not previously provided a copy to the KRS office. A copy of the birth certificate or Kentucky driver's license is also required if you name a person as beneficiary.

Your employer must complete the employer certification (Section H) of Form 6000 in order for KRS to include future salary, service, and sick and compensatory leave balances in your estimated retirement allowance.

AFTER YOU FILE FORM 6000

After receiving the Form 6000 KRS will mail a Form 6010, Estimated Retirement Allowance, and other information including Form 6200 for insurance coverage. If you elect to receive a monthly benefit, you should complete and return Form 6010, Estimated Retirement Allowance.

You must select one payment option, then sign and date the Form 6010. There is a space for a spouse to sign if you are married. The Form 6010 must be signed by a witness. Your spouse's signature may serve as the witness signature. Return the completed forms and any required documents to KRS.

If you elect to receive an actuarial or lump sum refund, complete and return the Form 6010 and Form 6025, Direct Rollover/Direct Payment Election. We require additional verification from your employer before we can process a refund which may delay your check. Retirement refunds are paid through a different timeline than the monthly checks and will not be issued prior to 45 days after termination.

All forms and required documentation must be filed with our office by the last day of the month prior to your effective retirement date. If you will be receiving a monthly payment, you may be eligible for health insurance coverage for you, your spouse and eligible dependents. The insurance application is not required in order to process your retirement benefit. However, you are responsible for timely filing of your Form 6200, insurance application, if you wish to obtain insurance coverage. See page 47.



Login to our self service website at https://myretirement. ky.gov to generate a benefit estimate.

Find forms on the KRS website at *https://kyret.ky.gov.*



All required forms and documentation must be filed with our office by the last day of the month prior to your effective retirement date.

If you are coming to KRS to discuss retiring, submit Form 6000 (Notification of Retirement) in advance.

If you change your name, you must submit a copy of your new **Social Security** card, Medicare card, a marriage certificate, or a divorce decree along with a written request to change your name. Marriage and divorce are also **Qualifying Events** for the purposes of health insurance.

Beneficiary designation at retirement At the time of retirement, the member may name only one person, his or her estate, or a trust as beneficiary of the monthly retirement allowance. The retired member may not change this designation on or after the first day of the month in which the member receives the first retirement allowance.

If the beneficiary dies or divorces the retired member, state law provides that the member's estate becomes the beneficiary. An estate or trust cannot be eligible for a lifetime payment upon the death of a member.

YOUR FIRST RETIREMENT CHECK

If all required forms have been completed properly and returned by the end of the month prior to your retirement date, the first retirement payment will be deposited or mailed on the 14th of the first month of retirement. Monthly benefits will be deposited to the retired member's account on the 14th of each month or last business day preceding the 14th. Members are required to have the monthly retirement benefit deposited directly to their bank accounts, unless their bank does not participate in the Automated Clearing House or the member does not have an account with a financial institution. If the member elects to receive a lump sum or actuarial refund, the check will not be issued until additional information is reported by the employer. Lump sum and actuarial refunds are generally issued 45 days from the effective retirement date if all required information has been received.

IMPORTANT CONSIDERATIONS

All required forms and documentation must be filed with our office by the last day of the month prior to your effective retirement date. Failure to submit forms and materials will result in a delay in receiving benefits, including health insurance coverage. If KRS does not receive a valid health insurance application prior to the first month of your retirement, you will be automatically placed in the default health plan single coverage and won't be able to change until the next open enrollment or you experience a qualifying event.

IF YOU DO NOT RETURN THE FORM 6010(S) ON WHICH YOU SELECTED A PAYMENT OPTION WITHIN SIX (6) MONTHS, YOUR NOTIFICATION OF RETIREMENT WILL BE VOIDED. You will need to file a new Notification of Retirement, and the effective retirement date will be after receipt of the second Notification of Retirement. Until a post retirement audit of your account is completed, the monthly benefit will be based on the estimate of benefits made prior to final wages being reported by your employer. Once all wages, contributions and sick leave balances have been reported and the date of termination verified, your benefit payment may be adjusted (up or down) to reflect higher or lower actual earnings retroactive to the retirement date. Retirement benefits will not be adjusted unless the adjustment results in a difference of at least \$2 in your monthly payment.

KRS is statutorily required to correct all errors in records without exception. If an error regarding your account is discovered after the post retirement audit, it will be corrected. If the correction of the error reveals that you have been overpaid benefits, you are required to repay the benefits.



Insurance forms and plan information can be found online at https://kyret.ky.gov. Click on the Retirees & Family link from the home page.



EMPLOYMENT AFTER RETIREMENT

Most members pursue personal interests after retirement - the reward for their service to the public. Some members use retirement to begin a second career. Others return to work for financial reasons. Whatever the reason there are several considerations before accepting other employment.



NOTE: When you retire you must cease ALL employment with ALL agencies who participate in one of the systems administered by Kentucky Retirement Systems.

You should contact KRS before considering returning to work after you have retired. KRS wants to ensure that you do not unintentionally void your retirement benefits and have to return benefits already distributed to you.

Bona fide separation from service - Full time

Kentucky law prohibits a retiree from having a prearranged agreement prior to termination to return to employment in a regular full-time position with any agency participating in any of the systems administered by Kentucky Retirement Systems. At the time of reemployment, the participating agency and retiree must certify, under penalty of perjury, on Form 6751, "Member and Employer Certification Regarding Reemployment" that no prearranged agreement existed.

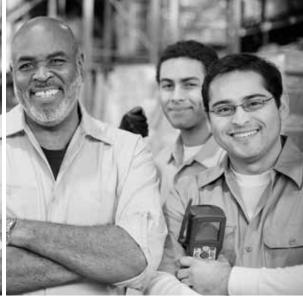


NOTE: If the retiree does not observe the proper break, retirement is voided and all benefits must be repaid to KRS.



NOTE: Beginning with the 2013 Fiscal Year, Cost of Living Adjustments (COLAs) will be given to retirees only if the retirement system in which the retiree has service is funded over 100 percent, and giving the COLA will not reduce the funding level of that system under 100 percent. Additionally, a COLA may be given if the General Assembly provides funding to pay for one





Bona fide separation from service - non-participating position (seasonal, part-time, temporary or interim):

Federal law provides that a retiree cannot have a prearranged agreement prior to termination to return to employment in a non-participating position with the same employer. However, if returning to employment in a non-participating position for a different employer, you may have a prearranged agreement. For purposes of implementing KRS 61.637, all employers participating in the Kentucky Employees Retirement System or State Police Retirement System are considered the same employer. A retiree from the County Employees Retirement System, who after initial retirement is hired by the county from which the member retired, shall be considered to have been hired by the same employer. At the time of reemployment, the participating agency and retiree must certify, under penalty of perjury, on Form 6751, "Member and Employer Certification Regarding Reemployment" that no prearranged agreement existed.

In order to avoid having a prearranged agreement, the wisest course of action is to wait until after your effective retirement date to seek employment with any agency that participates in CERS, KERS, or SPRS. You do not have to submit a Form 6751 if you do not intend to return to work. A Form 6751 completed prior to your effective retirement date by you and an agency participating in CERS, KERS, and SPRS tends to suggest a prearranged agreement if you do return to work for that agency, even if the Form 6751 was not submitted until after your effective retirement date.

If it is determined that your employment after retirement is in violation or Kentucky and Federal law, your retirement will be voided and you will have to repay all retirement benefits you received, the health insurance premiums paid on your behalf, and any dependent child payments.

Returning to employment as an independent contractor, with a private leasing company or with a temporary staffing agency or performing volunteer work for an agency participating in any of the systems administered by KRS: These situations will be evaluated by KRS on a case by case basis.



NOTE: Please see the Disability section in the following chapter for more information on reemployment while on disability.

Duration of separation from service

An employee who is retiring and returning to work will be required to observe a break in service of three (3) months before returning to work with a participating agency. An exception is a full time hazardous employee returning to full time hazardous employment is one month.

If you do not observe the proper break in service, your retirement will be voided and you will have to repay all retirement benefits you received, the health insurance premiums paid on your behalf, and any dependent child payments.

Participation in KRS after September 1, 2008

If the retiree is returning to a regular full-time position after the retiree's effective retirement date, the retiree will not make contributions to KRS. However, employer contributions for these employees will be required to be submitted with the monthly contribution report. The retiree will earn no service credit during the period of reemployment and will not be eligible for any additional retirement benefits based upon the reemployment.

Health Insurance

If the retiree is Tier 1 and is reemployed in a regular full-time position, the retiree may enroll in health insurance through his employer or through KRS. If the retiree enrolls in health insurance through KRS, his employer will be billed for the single contribution rate premium.

If you are Medicare eligible and return to work, KRS will not be allowed to offer you coverage due to the MSP (Medicare Secondary Payer) requirement. You must take your health insurance coverage through your employer. Please call KRS if you have questions. You should also contact Medicare if you have questions.

If the retiree is Tier 2 and is reemployed in a regular full-time position, the employee will not be eligible for health insurance coverage through KRS and will be required to take health insurance coverage through his employer during the period of reemployment.

Before you begin reemployment

Obtain Form 6751, "Member and Employer Certification Regarding Reemployment" by contacting KRS, downloading a copy from the KRS website or contacting your prospective employer.

Complete the employee section, obtain certification from your prospective employer and return the form to KRS, and submit a letter outlining the details of your reemployment to KRS before returning to work.

Wait for approval from KRS before returning to work. Response time may require up to several weeks depending on the volume of requests.

Requests are processed in the order they are received. Allow sufficient time for a response before your expected reemployment date.



NOTE: There are many factors that may impact your eligibility to pursue employment after retirement. You must contact KRS regarding your specific circumstances and obtain a written opinion from KRS before you accept employment after retirement.











DISABILITY & DEATH

If you become disabled during the course of employment, you may be eligible to receive disability retirement benefits.

Provided below are the requirements necessary to qualify for disability retirement as well as the steps you must take in order to apply for benefits.









ELIGIBILITY REQUIREMENTS FOR DISABILITY BENEFITS

Eligibility requirements for non-hazardous members

- The member must have 60 months of service credit and must not be eligible for an unreduced benefit.
- Please note that in all cases, members participating prior to August 1, 2004 who are eligible for an unreduced benefit cannot apply for a disability benefit.
- The member's application shall be on file in the retirement office no later than 24 months after the person's last day of paid employment in a regular full-time position as defined in Kentucky Revised Statute 61.510.
- The medical examiners contracted by KRS determine if the member is functionally incapacitated since his or her last day of paid employment from performing his or her job, or a job of similar duties.

A disability cannot be caused by a condition which pre-existed membership in the Systems or reemployment, whichever is more recent. The prohibition against pre-existing conditions does not apply if the disability results from a pre-existing condition that has been substantially aggravated by an injury or accident arising out of or in the course of employment, or if the member has at least 16 years of current or prior service in the Systems.

Duty related benefits for non-hazardous members

The employee must be totally and permanently disabled from engaging in any occupation for remuneration or profit as a result of a single traumatic event that occurs while the employee is performing the duties of his position; or a single act of violence committed against the employee that is found to be related to his job duties, whether or not it occurs at his job site.

When applying for duty related benefits, please note the following:

The service credit requirement shall be waived if the disability is a result of a duty related injury.



NOTE: In some cases, you must provide an incident report with your disability application.

NOTE: Members must request reasonable accomodations under the Amercian with Disabilities Act as provided for in 42 U.S.C.sec 12111(9) and 29 C.F.R. Part 1630. You MUST submit evidence of your request for accommodations.

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Eligibility requirements for hazardous members

Hazardous disability means a disability which results in an employee's total incapacity to continue as an employee in a hazardous position, but the employee is not necessarily deemed to be totally and permanently disabled to engage in other occupations for remuneration or profit. Total and permanent disability means a disability which results in the member's incapacity to engage in any occupation for remuneration or profit. The following criteria must be met:

- The person must have 60 months of service credit and must be eligible for an unreduced benefit.
 - Please note that in all cases, members participating prior to August 1, 2004 who are eligible for an unreduced benefit cannot apply for a disability benefit.
- The person must apply within 24 months of the last day of paid employment in a regular full-time position as defined by Kentucky Revised Statute 61.510.

The medical examiners contracted by KRS determine if:

- The member is incapable of engaging in any occupation for remuneration or profit.
- The member is totally incapable of working in a hazardous position, but may still be capable of performing other types of work.
- The member is functionally incapacitated since his or her last day of paid employment from performing his or her job, or a job of similar duties.

A disability cannot be caused, directly or indirectly, by an intentionally self-inflicted injury or by a condition which pre-existed membership in the Systems or reemployment, whichever is more recent. The prohibition against pre-existing conditions does not apply if the disability results from a pre-existing condition that has been substantially aggravated by an injury or accident arising out of or in the course of employment, or if the member has at least 16 years of current or prior service in the Systems.

In line of duty benefits for hazardous members

The service credit requirement shall be waived if the disability is a total and permanent disability or a hazardous disability and is a direct result of an act in the line of duty. Total and permanent disability means a disability which results in the member's incapacity to engage in any occupation for remuneration or profit. An act in the line of duty is an act occurring or a thing done which was required in the performance of the specified duties.

When applying for in line of duty benefits, please note the following:

- The service credit requirement shall be waived if the disability is a result of an in line of duty related injury.
- The person must apply within 24 months of the last day of paid employment in a regular full-time position as defined in Kentucky Revised Statute 61.510.

APPLYING FOR DISABILITY RETIREMENT

Step 1 A valid Form 6000, Notification of Retirement, must be filed at the retirement office. If the disability condition resulted from a duty related injury (non-hazardous) or an act in line of duty injury (hazardous) an incident report must accompany the Form 6000. Upon receipt of a valid Form 6000, a disability packet will be mailed which includes the forms listed below.

Form 8001, Certification of Application of Disability Retirement and Supporting Medical Information

Form 8035, Employee Job Description

Form 8040, Prescription and Nonprescription Medications

Step 2 Obtain all medical information pertaining to the condition.

Step 3 Complete a Form 8035, Employee Job Description, listing and describing the duties of the job performed as of the last day of paid employment.

Step 4 Complete a Form 8040, Prescription and Non-prescription Medications, listing all current medications that you are taking.

Step 5 Complete the Form 8001, Certification of Application of Disability Retirement and Supporting Medical Information, certifying that the application for disability retirement and all supporting medical information are ready to be reviewed by the medical examiners. Submit Forms 8001, 8035, 8040 and supporting medical information to the retirement office.

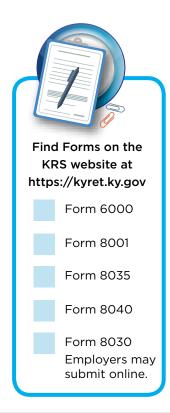
FORMS FOR EMPLOYER TO COMPLETE

Step 1 The employer must complete a Form 8030, Employer Job Description, listing and describing the duties performed by the person as of their last day of paid employment. The employer may complete and submit this form online using our Employer Self Service Website.

Step 2 Any requests made by the person for reasonable accommodations under the American with Disabilities Act (ADA) as provided for in 42 U.S.C. sec. 12111(9) and 29 C.F.R. Part 1630 must be submitted. If the person did not request reasonable accommodations under the ADA, please indicate on the Form 8030.

Note to Member: If you or your employer fail to complete and file the above forms and supporting medical information at the retirement office within 180 calendar days of the date KRS received your Form 6000, Notification of Retirement, your application for disability retirement

shall be void. This could possibly prevent you from qualifying for disability retirement benefits in the future or delay the disability determination by the medical examiners which may in turn delay your retirement benefit and health insurance coverage with KRS.



ADA

American with Disabilities Act

U.S.C.

United States Code

C.F.R.

Code of Federal Regulations



NOTE: The incapacity must be expected to last at least 12 months or result in death to be considered permanent.



DISABILITY APPLICATION REVIEW

Determination of medical examiners Upon receipt of the Form 8001 certifying that all objective medical evidence and other required forms are ready to be evaluated by the medical examiners, KRS will submit your application to the medical examiners for review. The examiners must determine if the member, since his last day of paid employment, has been mentally or physically incapacitated to perform the job, or job of like duties, from which he received his last paid employment. In determining whether a job is of like duties, reasonable accommodations of the last employer shall be considered.

The incapacity cannot be based upon a condition that pre-existed membership or reemployment with a loss of service credit for persons with less than 16 years of service, unless objective medical evidence demonstrates that an injury or accident arising out of or in the course of employment substantially aggravated the underlying pre-existing condition.

Appeal process If a member is denied disability retirement benefits by the medical examiners, the member will be notified of their right to appeal.

RECEIVING DISABILITY BENEFITS

How disability benefits are calculated For members participating prior to August 1, 2004, disability benefits are calculated in the same manner as normal retirement benefits except that additional months of service may be added to the member's account depending on age and years of service.

Members participating on or after August 1, 2004 will be eligible for disability benefits based upon a different formula. The formula for non-hazardous members provides a disability benefit that is the higher of 20% of the final rate of pay, early/normal benefit based on actual service, actual age at retirement, actual Final Compensation with reduction, or the retirement allowance determined in the same manner as for retirement at his or her normal retirement date with years of service and Final Compensation being determined as of the date of his or her disability.

For members participating on or after August 1, 2004, the formula for hazardous duty members provides a disability benefit that is the higher of 25% of the final rate of pay, early/normal benefit based on actual service, actual age at retirement, actual Final Compensation with reduction, or the retirement allowance determined in the same manner as for retirement at his or her normal retirement date with years of service and Final Compensation being determined as of the date of his or her disability.

Disability retirement maximum benefit If a member applies for Social Security disability and/or Workers' Compensation, the disability benefits from KRS may be reduced if the combined income from KRS, Social Security, and Workers' Compensation exceeds 100% of the member's final rate of pay or final compensation; whichever is greater.

Annual review process Once each year following the retirement of a person on a disability retirement allowance, or less frequently as determined by the KRS medical examiner but not less than once every five years, KRS may require the person, prior to his normal retirement date, to undergo an employment and medical staff review. The disability recipient will be required to file at the retirement office current employment and medical information for the bodily injury, mental illness, or disease for which he receives a disability retirement allowance.

Reemployment A person receiving disability retirement benefits who contemplates reemployment must provide KRS with a detailed job description of the intended position. The job description must be completed by the employer. The medical examiners will review the intended position description to determine if the person may accept the new position and return to work and remain eligible to continue receipt of disability benefits. If a person receiving disability retirement benefits fails to disclose to KRS their reemployment after retirement (includes self employment), KRS may recover all prior retirement benefits paid to or on behalf of the person. Please note that individuals receiving disability retirement benefits are also subject to the provisions regarding reemployment after retirement described in the previous section.

DEATH BEFORE RETIREMENT

Naming a beneficiary Prior to retirement, a member may name a principal and contingent beneficiary for his/her retirement account by completing and filing a Form 2035, Beneficiary Designation, with KRS. The principal beneficiary will receive benefits in the event of the member's death. The contingent beneficiary will receive benefits in the event of the member's death only if all of the named principal beneficiaries are deceased or the principal beneficiary was the member's spouse and divorced. A beneficiary may be one individual, multiple individuals, the member's estate, or a trust.

Prior to retirement, a member may change his or her beneficiary designation at any time by completing and submitting a new Form 2035 to KRS.

Eligibility Requirement For Benefits provided If a member dies prior to retirement, the beneficiary may be eligible for a monthly benefit if the member was:

- · Eligible for normal or early retirement at the time of death; or
- Under the age of 55 with at least 60 months of service credit and currently working for a participating agency or on official leave at the time of death; or
- No longer working for a participating agency but at the time of death had at least 144 months of service credit.
- If the beneficiary is not eligible for a monthly benefit, a lump sum payment of the member's contributions and accumulated interest will be paid.

Beneficiary options If the beneficiary is eligible for a monthly benefit, the following payment options are provided:

- If the beneficiary is an individual, the beneficiary may choose a lifetime monthly benefit which is equal to the Survivorship 100% Option amount. A single beneficiary may also choose a lump sum actuarial refund, a monthly payment for 5 years, or a monthly payment for 10 years.
- Multiple beneficiaries may choose a lump sum actuarial refund, a monthly payment for 5 years, or a monthly payment for 10 years. All beneficiaries must select the same payment option.
- An estate or a trust may choose a lump sum actuarial refund.

Benefits paid to the beneficiary are based on the amount that would have been payable to the member had he or she filed for retirement at the time of death.



Find Form 2035 on the KRS website at https://kyret. ky.gov or login to our self service website at https://myretirement.ky.gov.

If Form 2035 is void/invalid benefits defaults to the estate.



Duty-Related Death (Nonhazardous Members) The spouse of a nonhazardous member whose death resulted from a single traumatic event that occurred while the employee was performing the duties of his or her position or an act of violence committed against the employee that was related to the member's job duties deemed the beneficiary shall be eligible for the higher of the normal death benefit options or a \$10,000 lump sum payment plus a monthly payment of 25% of the deceased member's monthly final rate of pay. See beneficiary options on prior page for normal death options.

Death in the line of duty (Hazardous Members) If a hazardous duty member dies in the line of duty and the member's spouse is the only principal beneficiary named, the spouse may elect a lump sum payment of \$10,000 and a monthly benefit equal to 25% of the member's monthly final rate of pay, which will continue until death.

If the beneficiary is only one person who is a dependent receiving at least 50% of his or her support from the member, the beneficiary may elect a lump sum payment of \$10,000.

Dependent Child Benefits Each dependent child will receive a monthly benefit equal to 10% of the member's monthly final rate of pay. Dependent child payments cannot exceed 40% of the member's monthly final rate of pay.

Beneficiary responsibilities The beneficiary is required to submit a death certificate for the deceased member listing the cause of death. Before any payment can be issued, the beneficiary will also be required to complete the appropriate form to apply for the benefit and provide a birth certificate for the member and beneficiary if one is not already on file.



DEATH AFTER RETIREMENT

Beneficiary designation at retirement At the time of retirement, the member may name only one person, his or her estate, or a trust as beneficiary of the monthly retirement allowance. The retired member may not change this designation on or after the first day of the month in which the member receives the first retirement allowance.

If the beneficiary dies or divorces the retired member, state law provides that the member's estate becomes the beneficiary. An estate or trust cannot be eligible for a lifetime payment upon the death of a member.



A retiring member designates a beneficiary for his or her monthly retirement allowance on Section D of the Form 6000, Notification of Retirement.

Benefits provided Upon notification of a retired member's death, KRS will contact the beneficiary. The beneficiary must complete and file the proper forms including a death certificate listing the cause of the member's death. The retired member's estate is entitled to the member's retirement payment for the month of the member's death. If the retired member selected the Basic Option and had not recovered all the member contributions and interest which had accumulated in his or her retirement account, the beneficiary would receive the remaining account balance. If the retired member selected a Survivorship Option at the time of retirement, the beneficiary will receive monthly benefits effective in the month following the member's death.

The choice of payment option selected at retirement will determine the monthly benefits provided to the beneficiary upon the retired member's death.

\$5,000 death benefit If the retired member is receiving a monthly benefit based on at least 48 months or more of combined service with KERS, CERS, or SPRS, he or she is entitled to name a beneficiary for a \$5,000 death benefit payable upon his or her death to an individual, estate, funeral home or trust. This benefit is not a form of insurance since there is no policy. With the \$5,000 death benefit, the member can name a beneficiary other than the person named for the monthly benefit. A retired member can change the beneficiary for this benefit at any time by completing and filing a new Form 6030, Death Benefit Designation, with KRS. The \$5,000 death benefit is subject to federal income tax and may be eligible in certain instances for a direct rollover to defer taxes. Find Form 6030 on the KRS website at https://kyret.ky.gov.



BENEFICIARY RESPONSIBILITIES: The beneficiary or estate is required to submit a death certificate for the member listing the cause of death.

An audit will be performed on the deceased member's account once the death is reported to KRS. The retirement office will contact the beneficiary of the account by letter. Please note that a completed beneficiary designation must be on file with the KRS office in Frankfort prior to the member's death to be valid. A copy received after the member's death is not acceptable.







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